

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name MONROE COUNTY DRAIN COMMISSIONER CNTY AGENCY	County MONROE
Fiscal Year End 12-31-06	Opinion Date 2-28-07	Date Audit Report Submitted to State MAY 16, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

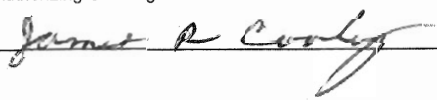
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON		Telephone Number (734) 241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 		Printed Name JAMES R. COOLEY	
		License Number 1101005761	

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Monroe County, Michigan

FINANCIAL STATEMENTS

December 31, 2006

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

*Table of Contents
December 31, 2006*

Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3
Management's Discussion and Analysis	4-7
Government-Wide Financial Statements:	
Statement of Net Assets	8-9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets - Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	16-17
Statement of Cash Flows - Proprietary Funds	18
Statement of Assets and Liabilities - Agency Funds	19
Notes to the Basic Financial Statements	20-36
Required Supplementary Information:	
Schedule of Funding Progress for the Monroe County Retiree Health Plan for County Agency	37
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	39
Other Supplementary Information:	
Capital Projects Funds:	
Project-Length Schedule of Construction Projects	40

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2006

Internal Service Funds:

Administrative Fund	
Bedford Sewage Disposal System	
Ida-Raisinville Sewage Disposal System	
LaSalle Sewage Disposal System	
Maybee Sewage Disposal System	
South Rockwood Sewage Disposal System	
Whiteford Sewage Disposal System	
Combining Statement of Net Assets	41
Combining Statement of Revenues, Expenses and Changes in Net Assets	42
Combining Statement of Changes in Net Assets Reserved for Fixed	
Asset Replacement	43
Combining Statement of Cash Flows	44

Administrative Fund:

Statement of Net Assets	45
Statement of Revenues, Expenses and Changes in Net Assets	46
Statement of Revenues and Expenses:	
Budget and Actual - Administrative Overhead Department	47
Budget and Actual - Utility Labor Department	48
Statement of Cash Flows	49
Schedule of Administrative Fees Earned	Schedule A 50
Schedule of Utility Labor and Fringe Benefits Earned	Schedule B 50

Bedford Sewage Disposal System:

Statement of Net Assets	51
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	52
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	53
Statement of Cash Flows	54

Ida-Raisinville Sewage Disposal System:

Statement of Net Assets	55
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	56
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	57
Statement of Cash Flows	58

LaSalle Sewage Disposal System:

Statement of Net Assets	59
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	60
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	61
Statement of Cash Flows	62

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2006

Maybee Sewage Disposal System:

Statement of Net Assets	63
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	64
Statement of Changes in Net Assets Restricted for Fixed Asset Replacement	65
Statement of Cash Flows	66

South Rockwood Sewage Disposal System:

Statement of Net Assets	67
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	68
Statement of Cash Flows	69

Whiteford Township Sewage Disposal System:

Statement of Net Assets	70
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	71
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	72
Statement of Cash Flows	73

Enterprise Fund - South County Water System

Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	74
Detail of Operating Expenses Budget and Actual	75-76

Agency Funds:

LaSalle Township
London Township
Village of Maybee
Ida Township
Raisinville Township
Whiteford Township

Combining Statement of Assets and Liabilities	77
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	78-79

LaSalle Township Agency Fund:

Statement of Assets and Liabilities	80
Statement of Changes in Due to LaSalle Township	80

London Township Agency Fund:

Statement of Assets and Liabilities	81
Statement of Changes in Due to London Township	81

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Concluded)
December 31, 2006

Village of Maybee Agency Fund:

Statement of Assets and Liabilities	82
Statement of Changes in Due to Village of Maybee	82

Ida Township Agency Fund:

Statement of Assets and Liabilities	83
Statement of Changes in Due to Ida Township	83

Raisinville Township Agency Fund:

Statement of Assets and Liabilities	84
Statement of Changes in Due to Raisinville Township	84

Whiteford Township Agency Fund:

Statement of Assets and Liabilities	85
Statement of Changes in Due to Whiteford Township	85

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

*Table of Contents
December 31, 2006*

Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3
Management's Discussion and Analysis	4-7
Government-Wide Financial Statements:	
Statement of Net Assets	8-9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets - Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	16-17
Statement of Cash Flows - Proprietary Funds	18
Statement of Assets and Liabilities - Agency Funds	19
Notes to the Basic Financial Statements	20-36
Required Supplementary Information:	
Schedule of Funding Progress for the Monroe County Retiree Health Plan for County Agency	37
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	39
Other Supplementary Information:	
Capital Projects Funds:	
Project-Length Schedule of Construction Projects	40

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2006

Internal Service Funds:

Administrative Fund	
Bedford Sewage Disposal System	
Ida-Raisinville Sewage Disposal System	
LaSalle Sewage Disposal System	
Maybee Sewage Disposal System	
South Rockwood Sewage Disposal System	
Whiteford Sewage Disposal System	
Combining Statement of Net Assets	41
Combining Statement of Revenues, Expenses and Changes in Net Assets	42
Combining Statement of Changes in Net Assets Reserved for Fixed Asset Replacement	43
Combining Statement of Cash Flows	44

Administrative Fund:

Statement of Net Assets	45
Statement of Revenues, Expenses and Changes in Net Assets	46
Statement of Revenues and Expenses:	
Budget and Actual - Administrative Overhead Department	47
Budget and Actual - Utility Labor Department	48
Statement of Cash Flows	49
Schedule of Administrative Fees Earned	Schedule A 50
Schedule of Utility Labor and Fringe Benefits Earned	Schedule B 50

Bedford Sewage Disposal System:

Statement of Net Assets	51
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	52
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	53
Statement of Cash Flows	54

Ida-Raisinville Sewage Disposal System:

Statement of Net Assets	55
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	56
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	57
Statement of Cash Flows	58

LaSalle Sewage Disposal System:

Statement of Net Assets	59
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	60
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	61
Statement of Cash Flows	62

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2006

Maybee Sewage Disposal System:

Statement of Net Assets	63
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	64
Statement of Changes in Net Assets Restricted for Fixed Asset Replacement	65
Statement of Cash Flows	66

South Rockwood Sewage Disposal System:

Statement of Net Assets	67
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	68
Statement of Cash Flows	69

Whiteford Township Sewage Disposal System:

Statement of Net Assets	70
Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	71
Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement	72
Statement of Cash Flows	73

Enterprise Fund - South County Water System

Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual	74
Detail of Operating Expenses Budget and Actual	75-76

Agency Funds:

LaSalle Township
London Township
Village of Maybee
Ida Township
Raisinville Township
Whiteford Township

Combining Statement of Assets and Liabilities	77
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	78-79

LaSalle Township Agency Fund:

Statement of Assets and Liabilities	80
Statement of Changes in Due to LaSalle Township	80

London Township Agency Fund:

Statement of Assets and Liabilities	81
Statement of Changes in Due to London Township	81

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Concluded)
December 31, 2006

Village of Maybee Agency Fund:

Statement of Assets and Liabilities	82
Statement of Changes in Due to Village of Maybee	82

Ida Township Agency Fund:

Statement of Assets and Liabilities	83
Statement of Changes in Due to Ida Township	83

Raisinville Township Agency Fund:

Statement of Assets and Liabilities	84
Statement of Changes in Due to Raisinville Township	84

Whiteford Township Agency Fund:

Statement of Assets and Liabilities	85
Statement of Changes in Due to Whiteford Township	85



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, a component unit of Monroe County, as of and for the year ended December 31, 2006, which collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe County Drain Commissioner, County Agency's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2007, on our consideration of the Monroe County Drain Commissioner, County Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cooley Hill
Wohlgamuth & Carlton

February 28, 2007



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the financial statements of the Monroe County Drain Commissioner, County Agency as of and for the year ended December 31, 2006, and have issued our report thereon dated February 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe County Drain Commissioner, County Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, County of Monroe, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Hehl
Wohlgamuth & Carlton

February 28, 2007

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2006*

Our discussion and analysis of Monroe County Drain Commissioner – County Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2006. This letter is presented in conjunction with the transmittal letter and the Agency's financial statements included herewith.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8, 9, and 10) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. Interfund balances and activity have been eliminated to prevent the double reporting of revenues and expenses. The Fund Financial Statements start on page 11.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending as well as reporting on the Agency's major funds. The remaining statements provide financial information about activities for which the Agency acts solely as an agent for the benefit of those outside of the government. The financial statements also include notes, which provide more detailed explanation to some of the information in the financial statements.

Reporting the Agency as a Whole

Our analysis focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the Agency's governmental and business-type activities between the current year and the prior year:

**Net Assets
(Table 1)**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current assets	\$7,868,273	\$9,514,417	\$1,389,362	\$1,246,711	\$9,257,635	\$10,761,128
Restricted assets	3,434,817	3,983,424	6,569,366	10,302,607	10,004,183	14,286,031
Noncurrent assets	43,473,877	46,642,295	23,624,026	19,361,098	67,097,903	66,003,393
Total assets	<u>\$54,776,967</u>	<u>\$60,140,136</u>	<u>\$31,582,754</u>	<u>\$30,910,416</u>	<u>\$86,359,721</u>	<u>\$91,050,552</u>
Current liabilities	\$4,923,787	\$6,278,939	\$564,796	\$934,691	\$5,488,583	\$7,213,630
Noncurrent liabilities	43,504,041	46,682,856	4,119,700	4,257,550	47,623,741	50,940,406
Total liabilities	<u>48,427,828</u>	<u>52,961,795</u>	<u>4,684,496</u>	<u>5,192,241</u>	<u>53,112,324</u>	<u>58,154,036</u>
Net assets:						
Invested in capital assets						
net of related debt	63,877	47,295	19,364,326	15,003,548	19,428,203	15,050,843
Restricted	3,916,281	4,939,023	6,509,322	9,571,383	10,425,603	14,510,406
Unrestricted	2,368,981	2,192,023	1,024,610	1,143,244	3,393,591	3,335,267
Total net assets	<u>\$6,349,139</u>	<u>\$7,178,341</u>	<u>\$26,898,258</u>	<u>\$25,718,175</u>	<u>\$33,247,397</u>	<u>\$32,896,516</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Management's Discussion and Analysis (Unaudited)
December 31, 2006

Governmental Activities

Revenues for the Agency's governmental activities, Charges for Services (Table 2) increased by \$323,654 this year while operating expenses increased \$258,633. The factors driving these results include:

- ❖ A stable work force with little turnover. Trained, licensed professionals that provide required preventive maintenance on all equipment and vehicles.

Revenues for the Agency's governmental activities, Local Unit Contributions (Table 2) decreased by \$6,127,588 reflecting the number of water and sewer construction projects open at the end of the year dropping from 5 last year to 3 this year.

- ❖ Two municipalities, Ida Township and Village of Dundee, are finished.
- ❖ Frenchtown Township is still in the process of doubling its water distribution capacity with their water plant expansion project, which is expected to be substantially complete by the spring of 2007.
- ❖ Bedford is still making improvements to its sewer plant with contributions coming from the Bedford O&M Fund.

Expenses for the Agency's governmental activities:

- ❖ Debt service decreased due to County Agency only having one new bond issue.
- ❖ Capital Projects – related costs for the 3 projects. All to be final in spring, 2007.
- ❖ Operation & Maintenance – increased labor costs, health insurance, retiree healthcare, pension, central services and other payroll related costs. Also, increased fuel, power and equipment maintenance costs.

Business-type Activities

Revenues of the Agency's business-type activities (Table 2) decreased by \$165,828 this year while total expenses increased by \$358,112. The primary factors driving these results include:

- ❖ The SCWS incurred more in its Debt Service costs on 4.4 million of bonds issued in 2005.
- ❖ Increased costs in water supply and maintenance, including the replacement of many SCWS water meters.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2006*

**Changes in Net Assets
(Table 2)**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues						
Charges for service	\$2,456,384	\$2,132,730	\$4,256,631	\$4,422,459	\$6,713,015	\$6,555,189
Local unit contributions	4,334,488	10,462,076	0	0	4,334,488	10,462,076
Total Revenues	6,790,872	12,594,806	4,256,631	4,422,459	11,047,503	17,017,265
Expenses						
Debt service	2,116,258	2,294,581	206,742	22,160	2,323,000	2,316,741
Capital projects	3,431,510	12,535,336	0	0	3,431,510	12,535,336
Operation and maintenance	2,439,372	2,180,739	3,290,993	3,117,463	5,730,365	5,298,202
Total Expenses	7,987,140	17,010,656	3,497,735	3,139,623	11,484,875	20,150,279
Excess before nonoperating revenue	(1,196,268)	(4,415,850)	758,896	1,282,836	(437,372)	(3,133,014)
Nonoperating revenues						
Interest income	367,066	295,061	421,187	229,895	788,253	524,956
Gain (loss) on disposal of assets	0	(746)	0	0	0	(746)
Total Nonoperating Revenues	367,066	294,315	421,187	229,895	788,253	524,210
Changes in Net Assets	(\$829,202)	(\$4,121,535)	\$1,180,083	\$1,512,731	\$350,881	(\$2,608,804)

Change in Capital Assets and Long Term Debt Activity

Governmental Activities

- ❖ Principal of \$3,820,000 retired on long-term debt in 2005.
- ❖ One new bond issue in the amount of \$815,000 for Erie Township Water #1 Improvements.

Business-Type Activities

- ❖ Principal of \$100,000 retired on long-term debt in 2005.
- ❖ The South County Water System second water connection to City of Toledo, Ohio is substantially complete. The construction of the new pumping station on South Dixie Highway is also substantially complete and operational.
- ❖ Improvements to the SCW buildings conference room are completed.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2006*

Debt Administration

At year-end, the Agency had \$51.710 million in bonds outstanding versus \$54.815 million last year – a decrease of 5.7 percent as shown in Table 3.

**Outstanding Debt at Year-end
(Table 3)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Bonds	\$47,410,000	\$50,415,000	\$4,300,000	\$4,400,000	\$51,710,000	\$54,815,000

New debt resulted mainly from issuing bonds for one new project – \$815,000 of water improvement bonds.

Economic Factors and Next Years Budget

The Agency's officials considered many factors when setting the fiscal year 2007 budget and the fees that will be charged for the business-type activities. One major factor is the planned yearly increases in the cost of water from the City of Toledo, Ohio.

Negotiations with the City of Toledo are expected to begin, in 2007 and 2008, for a new long-term water sales agreement.

Budgeted expenditures are expected to rise nearly 5 percent. Factors affecting the budgeted expenditures include increased wage adjustments, increased cost of health insurance, retiree health care, pension, and increases in utility costs. The Agency has added no new major programs or initiatives to the 2007 budget.

Efforts will be made to hold down increases for wages and fringe benefits during the 2007 collective bargaining process.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
December 31, 2006*

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	REPORTING ENTITY
ASSETS			
Current assets:			
Cash	\$1,880,351	\$495,018	\$2,375,369
Certificates of deposit	1,400,000	0	1,400,000
Petty cash	204	355	559
Accounts receivable	49,776	876,902	926,678
Prepaid expenses	15,700	0	15,700
Due from local units	4,392,498	28,713	4,421,211
Internal balances	128,244	(128,244)	0
Inventory	0	116,618	116,618
Container deposits	1,500	0	1,500
Total current assets	<u>7,868,273</u>	<u>1,389,362</u>	<u>9,257,635</u>
Restricted assets:			
Fixed asset replacement			
Certificates of deposit	3,434,817	6,491,700	9,926,517
Construction and debt retirement			
Cash and certificates of deposits	0	73,932	73,932
Cash with fiscal agent	0	3,734	3,734
Total restricted assets	<u>3,434,817</u>	<u>6,569,366</u>	<u>10,004,183</u>
Noncurrent assets:			
Net capital assets	63,877	23,624,026	23,687,903
Amount due from local units for retirement of long-term debt	<u>43,410,000</u>	<u>0</u>	<u>43,410,000</u>
Total noncurrent assets	<u>43,473,877</u>	<u>23,624,026</u>	<u>67,097,903</u>
Total assets	<u><u>\$54,776,967</u></u>	<u><u>\$31,582,754</u></u>	<u><u>\$86,359,721</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$272,500	\$345,615	\$618,115
Retainage payable	62,102	60,044	122,146
Accrued payroll	33,500	0	33,500
Water meter and hydrant key deposits	0	5,392	5,392
Accrued interest payable	392,498	13,745	406,243
Deferred revenue	163,187	0	163,187
Current portion of long term debt net of related discount	<u>4,000,000</u>	<u>140,000</u>	<u>4,140,000</u>
Total current liabilities	<u>4,923,787</u>	<u>564,796</u>	<u>5,488,583</u>
Noncurrent liabilities:			
Bonds payable(net of discount)	43,410,000	4,119,700	47,529,700
Accrued compensated absences	94,041	0	94,041
Total noncurrent liabilities	<u>43,504,041</u>	<u>4,119,700</u>	<u>47,623,741</u>
Total liabilities	<u>48,427,828</u>	<u>4,684,496</u>	<u>53,112,324</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
December 31, 2006*

	PRIMARY GOVERNMENT		TOTAL REPORTING ENTITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
NET ASSETS			
Invested in capital assets			
net of related debt	\$63,877	\$19,364,326	\$19,428,203
Restricted for:			
Fixed asset replacement	3,433,977	6,491,700	9,925,677
Debt service	40,910	3,734	44,644
Capital projects	441,394	13,888	455,282
Unrestricted	2,368,981	1,024,610	3,393,591
Total net assets	6,349,139	26,898,258	33,247,397
Total liabilities and net assets	\$54,776,967	\$31,582,754	\$86,359,721

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Activities
For the Year Ended December 31, 2006*

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Local Unit Contributions
Primary Government:			
Governmental Activities			
Debt service:			
Interest, premium, and fiscal agent fees	\$2,116,258	\$0	\$2,880,383
Capital Projects	3,431,510	0	\$1,259,761
Internal Service Funds:			
Administrative Fund	416,538	285,124	0
Bedford Sewage Disposal System	1,794,727	1,956,846	189,072
Ida-Raisinville Sewage Disposal System	46,049	47,956	1,000
LaSalle Sewage Disposal System	24,241	27,890	1,772
Maybee Sewage Disposal System	53,567	56,473	1,000
South Rockwood Sewage Disposal System	47,358	49,535	0
Whiteford Sewage Disposal System	56,892	32,560	1,500
Total governmental activities	7,987,140	2,456,384	4,334,488
Business-type activities			
South County Water System	3,497,735	4,256,631	0
Total Primary Government	<u>\$11,484,875</u>	<u>\$6,713,015</u>	<u>\$4,334,488</u>

General Revenues:

Interest Income

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenues and Change in Net Assets		
Program Revenues		
Governmental Activities	Business-Type Activities	Total
\$764,125	\$0	\$764,125
(2,171,749)	0	(2,171,749)
(131,414)	0	(131,414)
351,191	0	351,191
2,907	0	2,907
5,421	0	5,421
3,906	0	3,906
2,177	0	2,177
(22,832)	0	(22,832)
(1,196,268)	0	(1,196,268)
0	758,896	758,896
(1,196,268)	758,896	(437,372)
367,066	421,187	788,253
367,066	421,187	788,253
(829,202)	1,180,083	350,881
7,178,341	25,718,175	32,896,516
<u>\$6,349,139</u>	<u>\$26,898,258</u>	<u>\$33,247,397</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Balance Sheet
Governmental Funds
December 31, 2006*

	Frenchtown Debt Service	Dundee Debt Service	Frenchtown Water #2 Construction
ASSETS			
Cash	\$3,879	\$3,826	\$372,550
Total Assets	<u>\$3,879</u>	<u>\$3,826</u>	<u>\$372,550</u>
LIABILITIES			
Accounts payable	\$0	\$0	\$137,606
Retainage payable	<u>0</u>	<u>0</u>	<u>19,702</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>157,308</u>
FUND BALANCE			
Reserved for debt service	3,879	3,826	0
Reserved for capital projects	<u>0</u>	<u>0</u>	<u>215,242</u>
Total Fund Balance	<u>3,879</u>	<u>3,826</u>	<u>215,242</u>
Total Liabilities and Fund Balance	<u>\$3,879</u>	<u>\$3,826</u>	<u>\$372,550</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$306,887	\$687,142
<u>\$306,887</u>	<u>\$687,142</u>
\$5,130	\$142,736
42,400	62,102
<u>47,530</u>	<u>204,838</u>
33,205	40,910
226,152	441,394
<u>259,357</u>	<u>482,304</u>
<u>\$306,887</u>	<u>\$687,142</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2006*

Total Governmental Fund Balance	\$482,304
Amounts reported for governmental activities in the statement of net assets are different because:	
Internal Service Funds are used by County Agency to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.	
Total internal service fund net assets	5,866,835
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.	(392,498)
Interest payable used in the governmental activities is paid from contributions from other governments. Contributions from other governments are not reported in the governmental funds until the resources are put aside.	392,498
Amount due from local units for the retirement of long term debt is not included in the governmental funds but is included in the statement of net assets.	47,410,000
Long term liabilities including bonds payable that are not due and payable in the current period, and therefore are not reported in the funds.	(47,410,000)
Total Net Assets of Governmental Activities	<u>\$6,349,139</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds*

For the Year Ended December 31, 2006

	Frenchtown Debt Service	Dundee Debt Service	Frenchtown Water #2 Construction
Revenues			
Local unit contributions	\$1,318,000	\$1,094,129	\$1,350,000
Interest income and other	6,429	4,884	7,607
Total Revenues	1,324,429	1,099,013	1,357,607
Expenditures			
Debt Service:			
Bond principal	870,000	640,000	0
Interest and paying agent fees	455,212	458,666	0
Administrative and audit fees	757	1,893	0
Construction contracts	0	0	1,154,908
Engineering and other	0	0	166,128
Total Expenditures	1,325,969	1,100,559	1,321,036
Excess (Deficiency) of Revenues over Expenditures	(1,540)	(1,546)	36,571
Other Financing Sources (Uses)			
Bond proceeds	0	0	0
Bond issuance costs	0	0	0
Refunds to Governmental units	0	0	0
Transfers in	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,540)	(1,546)	36,571
Fund Balances - Beginning of Year	5,419	5,372	178,671
Fund Balances - End of Year	\$3,879	\$3,826	\$215,242

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$3,466,113	\$7,228,242
46,635	65,555
3,512,748	7,293,797
2,310,000	3,820,000
1,173,045	2,086,923
7,351	10,001
1,608,781	2,763,689
501,693	667,821
5,600,870	9,348,434
(2,088,122)	(2,054,637)
822,141	822,141
(24,834)	(24,834)
(90,239)	(90,239)
873,564	873,564
1,580,632	1,580,632
(507,490)	(474,005)
766,847	956,309
<u>\$259,357</u>	<u>\$482,304</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds (\$474,005)

Amounts Reported for governmental activities in
the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities and asset replacement to the local units of government. The revenues, expenses and fixed asset replacement contributions of these Internal Service Funds are reported with the governmental activities.

Add - Interest income	\$301,511	
Add - Net income	22,512	
Add - Capital asset reserve contributions	194,344	
Deduct - Transfer out	<u>(873,564)</u>	
		(355,197)

Bond proceeds provide current financial resources to governmental funds, while issuing debt increases liabilities in the statement of net assets. Payment of bond principal is an expenditure in the governmental funds, while the payment reduces long term liabilities in the statement of net assets.

Add - payment of long term debt	3,820,000	
Deduct - bond proceeds	<u>(797,307)</u>	
		3,022,693

Issuing debt increases liabilities in the statement of net assets and also increases amounts due from local governments for the retirement of long term debt. Payments reduce long term liabilities and also reduce amounts due from local governments for the retirement of long term debt.

Add - Bond proceeds	797,307	
Deduct - Payment on long term debt	<u>(3,820,000)</u>	
		<u>(3,022,693)</u>

Change in Net Assets of Governmental Activities (\$829,202)

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
Proprietary Funds
December 31, 2006*

	Business-type Activities South County Water	Governmental Activities Internal Services
ASSETS		
Current Assets:		
Cash	\$495,018	\$1,193,209
Certificates of deposit	0	1,400,000
Petty cash	355	204
Accounts receivable	876,902	49,776
Due from local units	28,713	0
Due from other funds	152	260,766
Prepaid expenses	0	15,700
Inventory	116,618	0
Container deposits	0	1,500
Total Current Assets	1,517,758	2,921,155
Restricted assets:		
Fixed asset replacement		
Certificates of deposit	6,491,700	3,434,817
Construction and debt retirement		
Cash and cash retainage	73,932	0
Cash with fiscal agent	3,734	0
Total Restricted Assets	6,569,366	3,434,817
Noncurrent assets:		
Construction work-in-process	6,811,044	0
Land and rights-of-way	172,557	0
Utility plant in service	24,972,932	0
Building and building improvements	406,597	236,547
Equipment	238,027	198,168
Vehicles	321,099	452,635
	32,922,256	887,350
Accumulated depreciation	(9,298,230)	(823,473)
Total Noncurrent Assets	23,624,026	63,877
 Total Assets	 \$31,711,150	 \$6,419,849

See accompanying notes to the basic financial statements

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
LIABILITIES		
Current Liabilities:		
Accounts payable	\$345,615	\$91,819
Current portion of long-term debt	140,000	0
Accrued interest payable	13,745	0
Retainage payable	60,044	0
Due to other funds	128,396	170,467
Accrued payroll	0	33,500
Water meter and hydrant key deposits	5,392	0
Deferred revenue	0	163,187
Total Current Liabilities	693,192	458,973
Noncurrent Liabilities:		
Bonds payable (net of discounts)	4,119,700	0
Compensated absences	0	94,041
Total Noncurrent Liabilities	4,119,700	94,041
Total Liabilities	4,812,892	553,014
NET ASSETS		
Invested in capital assets (net of related debt)	19,364,326	63,877
Restricted For:		
Capital projects	13,888	0
Debt retirement	3,734	0
Vehicles	195,400	0
Building	563,900	0
System capital	5,732,400	3,433,977
Unrestricted	1,024,610	2,368,981
Total Net Assets	26,898,258	5,866,835
Total Liabilities and Net Assets	\$31,711,150	\$6,419,849

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Administrative fees	\$0	\$163,501
Utility labor and fringe benefits	0	2,236,172
Drain labor and fringe benefits	0	28,814
Operation and maintenance fees	0	2,162,691
Tap inspection fee	0	4,500
Utility billing charges	0	9,144
Debt service fees	0	5,500
Equipment rental	4,795	132,926
Office space rental	0	0
Metered water sales	2,780,932	0
Basic service charge	1,173,467	0
Sales of supplies and services	86,170	0
Penalties	67,064	0
Other revenue	1,269	4,863
	<hr/>	<hr/>
Total Operating Revenues	4,113,697	4,748,111
Operating Expenses		
Wages and fringe benefits:		
Sewage disposal system	0	787,249
Administrative overhead department	0	236,430
Utility labor department	0	2,310,596
Depreciation	489,089	28,901
Administrative and general	333,158	0
Water supply operation maintenance	1,481,727	0
Utility billing operation	212,663	0
Distribution system maintenance	575,405	0
Meter and meter shop	109,588	0
Vehicle and equipment maintenance	81,808	0
Building maintenance	7,555	0
Other operating expenses	0	1,362,423
	<hr/>	<hr/>
Total Operating Expenses	3,290,993	4,725,599
	<hr/>	<hr/>
Net Operating Income (Loss)	822,704	22,512

Continued

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2006
(Concluded)*

	Business-type Activities South County Water	Governmental Activities Internal Service Fund
Non-Operating Revenues (Expenses)		
Connection fees	\$142,934	\$0
Interest income/Replacement reserve interest	421,187	301,511
Interest expense	(204,367)	0
Amortization	(2,150)	0
Paying agent fees	(225)	0
Transfer out	0	(873,564)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	357,379	(572,053)
	<hr/>	<hr/>
Income before contributions	1,180,083	(549,541)
Contributions	0	194,344
	<hr/>	<hr/>
Total Net Assets - Beginning of Year	25,718,175	6,222,032
	<hr/>	<hr/>
Total Net Assets - End of Year	\$26,898,258	\$5,866,835
	<hr/>	<hr/>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Cash Flows
Proprietary Funds*

For the Year Ended December 31, 2006

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$4,107,669	\$0
Cash paid to suppliers	(2,117,205)	(1,371,816)
Cash paid to employees	(1,020,976)	(3,320,436)
Cash received (paid) for internal services used	(84,200)	4,697,301
Net cash provided by operating activities	<u>885,288</u>	<u>5,049</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees and contributions to fixed asset reserves	142,934	194,344
Acquisition of capital assets	(4,752,022)	(45,483)
Transfer out	0	(873,564)
Principal paid on capital debt	(100,000)	0
Interest paid on capital debt	(199,195)	0
Net cash provided by capital and related financing activities	<u>(4,908,283)</u>	<u>(724,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on cash investments	<u>421,187</u>	<u>301,511</u>
Net increase (decrease) in cash and cash equivalents	(3,601,808)	(418,143)
Cash and cash equivalents at beginning of year	10,666,547	6,446,373
Cash and cash equivalents at end of year	<u><u>\$7,064,739</u></u>	<u><u>\$6,028,230</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$822,704	\$22,512
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	489,089	28,901
Changes in assets and Liabilities:		
Receivables - net of allowances	(3,605)	(7,741)
Inventory	(16,214)	0
Due from local units	(4,517)	(20,556)
Accounts and other payables	(370,242)	(14,929)
Accrued liabilities	(45,338)	8,839
Due to from other funds	13,211	10,536
Deferred revenue	0	(22,513)
Deposits	200	0
Total Adjustments	<u>62,584</u>	<u>(17,463)</u>
Net cash provided by operating activities	<u><u>\$885,288</u></u>	<u><u>\$5,049</u></u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Assets and Liabilities
Agency Funds
December 31, 2006*

	Total Agency Funds
ASSETS	
Accounts receivable-trade	\$115,404
Due from utilities	37,945
Total Assets	<u>\$153,349</u>
LIABILITIES	
Due to local governmental units	<u>\$153,349</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 1 Origin and Description of County Agency
Establishment of the County Agency

In 1968 the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act the Monroe County Drain Commissioner was appointed County Agency by the Board of Commissioners. As organized by the Board of Commissioners, the Monroe County Drain Commissioner, County Agency performs the following functions:

1. Manages water supply system and sanitary sewer system construction projects that are bonded by the County of Monroe.
2. Oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed.
3. Operates and maintains water supply systems and sanitary sewer systems as appointed by the Board of Commissioners.
4. Handles the billing and collections of utility bills when contracted to do so by local units of government.
5. Performs other services as needed to fulfill its duties.

Note 2 Summary of Significant Accounting Policies

A. Reporting Entity

The criteria established by Statement No. 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include fiscal interdependency, scope of public service, and financial accountability.

The Monroe County Drain Commissioner, County Agency is a component unit of the County of Monroe, Michigan, the primary government. For financial reporting purposes only, the following funds controlled by the Monroe County Drain Commissioner County Agency are included in this report: Debt Service Funds, Capital Project Construction Funds, Operations and Maintenance Internal Service Funds, Enterprise Fund, and Agency Funds. By accounting principles generally accepted in the United States of America, these funds are required to be in the report of the primary government.

The accounting policies of the Monroe County Drain Commissioner, County Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Monroe County Drain Commissioner, County Agency's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Monroe County Drain Commissioner, County Agency's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Monroe County Drain Commissioner, County Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of County Agency are offset by revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Governmental Activities - Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long term debt, principal, interest and related costs.

Governmental Activities - Capital Project Fund

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects.

Governmental Activities - Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis. The Administrative Fund and the various Sewage Disposal Funds are reported as internal service funds.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Concluded)

Business Type Activities - Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The South County Water System is the only Enterprise Fund in this report.

Agency Funds

Agency Funds are used to account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of Monroe County.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental charges for services and other revenue associated with the current fiscal period are all considered to be subject to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Amounts reported as *revenues* include (a) charges to customers for services provided (all revenue except intergovernmental) and (2) operating fees and local contributions (intergovernmental revenue).

Proprietary Funds

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to the local governmental units. Operating expenses for Internal Service Funds include the cost of operating the local units sewage disposal system. Any revenue and expenses not meeting this definition are reported as Nonoperating Revenues and Expenses.

Required Supplementary Information

Budgetary comparison schedules are required to be presented as Required Supplementary Information for general funds and each major special revenue fund. Since the Monroe County Drain Commissioner, County Agency, does not have these funds, Required Supplementary Information is not presented. However, Budgetary Comparisons are presented in Other Supplementary Information.

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Only those assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year are defined as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays by local units of government for the construction of water and sewer systems are capitalized by those individual local units of government. The total cost of the construction projects are capitalized by the local unit as the projects are completed in County Agency's Capital Project Funds

Proprietary Fund Capital Assets - Capital assets used in the proprietary funds are capitalized at historical cost. Depreciation expense has been provided using the straight-line method of depreciation over the estimated useful life of the fixed assets as follows:

Office equipment	2 - 10 years
Inspection equipment	3 - 10 years
Vehicles	5 years
Auxiliary equipment	3 - 5 years
Utility plant in service	3 - 98 years
Building and building improvements	10 - 30 years

E. Long-Term Obligations

General long-term obligations are reported as liabilities in the governmental activities statement of net assets.

Long-term obligations expected to be financed from proprietary funds are accounted for in the Proprietary Fund.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Basis of Accounting

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the Governmental Fund Types and the Agency Fund. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Accrual Basis of Accounting

The accrual basis of accounting is followed in the Proprietary Funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

G. Budgets

The Monroe County Drain Commissioner, County Agency does not prepare budgets for its Debt Service Funds and its Capital Project Funds.

Budgets are prepared for the Proprietary Fund Types: Enterprise Fund and Internal Service Funds. These budgets are adopted on an accrual basis consistent with generally accepted accounting principles. Appropriations lapse at year end.

All budgets are approved by the Monroe County Drain Commissioner, County Agency. The budget for the South County Water System is also approved by the South County Water Board and the budgets for the various sewage disposal systems are also approved by the appropriate local unit of government.

H. Deposits

Deposits are valued at cost.

I. Inventory

Inventory is valued at the lower of cost or market, using the first-in first-out method.

J. Accrued Compensated Absences

Accumulated unpaid vacation and sick pay is accrued when incurred. As of December 31, 2006, the Administrative Fund's liabilities included \$94,041 accrued vacation and sick pay.

Note 3 Deposits and Investments

Deposits are carried at cost. Deposits of the Monroe County Drain Commissioner, County Agency are at local banks in the name of the Monroe County Treasurer. Act 217, PA 1982 authorizes the County of Monroe, as agent for the Monroe County Drain Commissioner, County Agency, to deposit and invest in the accounts of federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks, mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 3

Deposits and Investments (Continued)

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. Funds of the Monroe County Drain Commissioner, County Agency are deposited in separate bank accounts from other County funds.

The County's deposits are in accordance with statutory authority. The carrying amount of deposits is separately displayed on the balance sheet as (unrestricted) "cash", "cash with fiscal agent", or "certificates of deposit", and (restricted) "cash", "certificates of deposit", "cash and certificates of deposit", or "cash with fiscal agent".

The Governmental Accounting Standards Board (GASB) Statement No. 3 and Statement No. 40 requires risk disclosures for the Monroe County Drain Commissioner, County Agency's deposits and investments which are as follows:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be insured or the County may not be able to recover the collateral securities in the possession of an outside party. The Monroe County Drain Commissioner, County Agency has \$13,606,891 in certificates of deposits, checking, and savings accounts, invested with the Monroe County Treasurer. County Agency's total carrying amount of \$13,780,111 includes petty cash, and deposits in, checking, savings, and certificates of deposit. Because County Agency's deposits are included with the County of Monroe, as the account holder, insured amounts cannot be determined. Therefore, most of County Agency's deposits are subject to custodial credit risk as they are uninsured and uncollateralized.

In accordance with the County's investment policy and state law, all deposits are not collateralized, held in County's name, and evidenced by a safekeeping receipt. Also due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County of Monroe's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, County Agency does not currently have any investments with this type of risk.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law, require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County of Monroe's investment policy requires investments to be diversified by security type and institution, but does not have limits on the amount the Treasurer may deposit for any one issuer.

Foreign Currency Risk. The Monroe County Treasurer is not authorized to invest in investments which have this type of risk.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 3 Deposits and Investments (Concluded)

At year end, cash and cash equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>				
	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Cash and					
Cash equivalents	\$687,142	\$2,593,413	\$3,280,555	\$ 495,373	\$ 3,775,928
Restricted cash	<u>-</u>	<u>3,434,817</u>	<u>3,434,817</u>	<u>6,569,366</u>	<u>10,004,183</u>
	<u>\$687,142</u>	<u>\$6,028,230</u>	<u>\$6,715,372</u>	<u>\$7,064,739</u>	<u>\$13,780,111</u>

Note 4 Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$118,175	Bedford O & M
		2,710	Ida\Raisinville O & M
		2,904	Maybee O & M
		128,396	SCW O & M
		3,092	S. Rockwood O & M
		1,070	LaSalle O & M
Administrative Fund	<u>\$260,056</u>	<u>3,709</u>	Whiteford O & M
	<u>\$260,056</u>	<u>\$260,056</u>	
Bedford O & M	\$693		
Ida\Raisinville O & M	2		
Maybee O & M	7		
LaSalle O & M	5		
SCW O & M	152		
S. Rockwood O & M	1		
Whiteford O & M	<u>2</u>	<u>\$862</u>	Administrative Fund
	<u>\$862</u>	<u>\$862</u>	
Ida-Trust & Agency	\$11,635	\$11,635	Ida\Raisinville O&M
Raisinville-Trust & Agency	<u>3,778</u>	<u>3,778</u>	Ida\Raisinville O&M
	<u>\$15,413</u>	<u>\$15,413</u>	
LaSalle Trust & Agency	<u>\$9,011</u>	<u>\$9,011</u>	LaSalle O & M
London Trust & Agency	\$1,529	\$1,529	Maybee O & M
Maybee Trust & Agency	<u>7,385</u>	<u>7,385</u>	Maybee O & M
	<u>\$8,914</u>	<u>\$8,914</u>	
Whiteford Trust & Agency	<u>\$4,607</u>	<u>\$4,607</u>	Whiteford O & M
Totals	<u>\$298,863</u>	<u>\$298,863</u>	

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 5 Summary of Changes in Fixed Assets - Internal Service Funds

The following is a summary of changes in fixed assets for the Administrative Fund and Bedford O & M Fund and for changes in capital assets for governmental activities.

Administrative Fund

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Utility Equipment	\$21,534	\$0	\$0	\$21,534
Utility Vehicles	341,148	8,495	0	349,643
Administrative Vehicles	29,685	0	0	29,685
Administrative Office Equipment	73,447	0	0	73,447
	465,814	8,495	0	474,309
Accumulated Depreciation	(433,111)	(15,840)	0	(448,951)
Net Fixed Assets-				
Administrative Fund	\$32,703	(\$7,345)	\$0	\$25,358

Bedford O & M

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Building Improvements	\$204,947	\$31,600	\$0	\$236,547
Equipment	97,799	5,388	0	103,187
Vehicles	73,307	0	0	73,307
	376,053	36,988	0	413,041
Accumulated Depreciation	(361,461)	(13,061)	0	(374,522)
Net Fixed Assets-				
Bedford O & M Fund	14,592	23,927	0	38,519
Governmental Activities -				
Net Capital Assets	\$47,295	\$16,582	\$0	\$63,877

Note 6 Compensated Absences

Employees of the Monroe County Drain Commissioner, County Agency, are governed by the County of Monroe employment policies as they pertain to vacation and sick days. The County's employment policy for vacation states that "vacation can be carried over one additional year from the end of the calendar year." Vacation is forfeited if not taken within a two year period. The employment policies for sick leave calls for yearly vesting of unused sick leave and yearly payout of one-half of the unused balance. Accordingly, County Agency has an accrued liability to its employees for accumulated vested vacation and sick benefits. The policy is to record the liability for vacation, sick and accrued wages and fringes in the financial statement of the applicable fund with noncurrent liabilities.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 7 Long-Term Debt

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds. Title will pass on to the local unit when the debt is retired.

The following is a summary of changes in long-term debt:

	<u>Enterprise Fund</u>	<u>General Long-Term Obligations</u>	<u>Totals</u>
December 31, 2005	\$4,400,000	\$50,415,000	\$54,815,000
New bonds issued	0	815,000	815,000
Bonds and contracts retired or called	<u>100,000</u>	<u>3,820,000</u>	<u>3,920,000</u>
December 31, 2006	<u>\$4,300,000</u>	<u>\$47,410,000</u>	<u>\$51,710,000</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2006, excluding compensated absences, are as follows:

	<u>Enterprise Fund</u>		
<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 140,000	\$ 158,940	\$ 298,940
2008	145,000	153,952	298,952
2009	155,000	148,703	303,703
2010	160,000	143,190	303,190
2011	170,000	137,415	307,415
2012 - 2016	995,000	588,418	1,583,418
2017 - 2021	1,270,000	380,273	1,650,273
2022 - 2026	<u>1,265,000</u>	<u>103,900</u>	<u>1,368,900</u>
	<u>\$4,300,000</u>	<u>\$1,814,791</u>	<u>\$6,114,791</u>

	<u>General Long-Term Obligations</u>		
<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 4,000,000	\$ 1,940,428	\$ 5,940,428
2008	3,945,000	1,768,436	5,713,436
2009	3,790,000	1,603,352	5,393,352
2010	3,590,000	1,447,599	5,037,599
2011	2,090,000	856,567	2,946,567
2012 - 2016	13,755,000	4,867,711	18,622,711
2017 - 2021	10,125,000	2,499,444	12,624,444
2022 - 2026	5,085,000	769,412	5,854,412
2027 - 2031	<u>1,030,000</u>	<u>101,681</u>	<u>1,131,681</u>
	<u>\$47,410,000</u>	<u>\$15,854,630</u>	<u>\$63,264,630</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 7 **Long Term Debt - (Concluded)**

Bonds payable at December 31, 2006, are comprised of the following individual issues:

Water or Sewer Projects	Interest Rates (%)		Date of Issue
Enterprise Fund:			
South County Water Supply System #1, 2005 Improvements	3.5	4	10-01-05
General Long-Term Obligations:			
Ash Twp. Water Supply System #1	2.3	- 4.1	01-12-03
Bedford Twp. Sewage Disposal System #2	5.0	- 6.5	09-01-76
Bedford Twp. Sewage Disposal System #4	2.0		06-25-92
Bedford Twp. Sewage Disposal System #5	3.8	- 4.05	10-01-05
Berlin Twp. Water System #2	5.8	- 6.0	05-23-00
Berlin Twp. Sewer System #2	5.8	- 6.0	08-06-02
Carleton Sewage Disposal System #3	2.5		10-01-01
Dundee Sewage Disposal System #2	2.0		09-30-93
Dundee Sewage Disposal System #1 (Refunding)	4.1	- 6.2	07-26-94
Dundee Sewage Disposal System #3	3.8	- 5.0	06-08-04
Dundee Water Supply System #1(Refunding)	1.4	- 3.8	12-04-02
Dundee Water Supply System #2	4.0	- 5.0	03-22-01
Erie Township Water Supply System #1	5.0	- 5.5	05-04-00
Erie Township Water Supply System #2	5.0	- 5.5	05-14-02
Erie Township Water Supply System #1	4.2	- 4.6	05-10-06
Exeter - Raisinville Water Supply System #1	5.0	- 6	09-26-00
Frenchtown Twp. Water Supply System #1 (Refunding)	3.9	- 5.5	10-22-96
Frenchtown Twp. Water Supply System #2	3.1	- 5.3	08-24-04
Ida Water System #1 (Series 2004)	2.0	4.9	07-13-04
Ida-Raisinville Sewage Disposal System #1 (Refunding)	3.0	- 5.4	12-01-93
LaSalle Township Sewer System #1 (Refunding)	3.85	- 6	09-15-95
London Twp. Sewer System #1 (Refunding)	5.25		10-01-93
City of Petersburg Water Supply System #1	2.5		03-05-03
Raisinville Water Supply System #5	6.78		07-31-90
Raisinville Water Supply System #15 & 16	4.75	- 5.3	11-02-00
South Rockwood Water Supply System #2	2.50		09-26-02
Maybee/Raisinville/Exeter/London Extension	5.0	- 7.5	05-06-97

Maturity Date	Amount Issued	Principal Retired	Principal Outstanding
2025	\$4,400,000	\$100,000	\$4,300,000
	<u>\$4,400,000</u>	<u>\$100,000</u>	<u>\$4,300,000</u>
2017	\$3,000,000	\$495,000	\$2,505,000
2008	5,340,000	4,890,000	450,000
2012	6,487,177	4,267,177	2,220,000
2021	1,350,000	45,000	1,305,000
2025	2,075,000	240,000	1,835,000
2027	1,800,000	140,000	1,660,000
2021	5,330,000	1,015,000	4,315,000
2014	1,650,000	910,000	740,000
2009	2,150,000	1,575,000	575,000
2024	5,000,000	185,000	4,815,000
2011	1,085,000	385,000	700,000
2026	3,500,000	275,000	3,225,000
2014	2,280,000	890,000	1,390,000
2014	1,630,000	355,000	1,275,000
2021	815,000	0	815,000
2020	2,285,000	600,000	1,685,000
2012	9,720,000	4,295,000	5,425,000
2029	3,215,000	70,000	3,145,000
2023	2,155,000	115,000	2,040,000
2012	2,270,000	2,065,000	205,000
2015	845,000	305,000	540,000
2008	180,000	150,000	30,000
2024	2,720,000	325,000	2,395,000
2010	705,000	565,000	140,000
2020	2,755,000	725,000	2,030,000
2023	1,530,000	185,000	1,345,000
2016	2,595,000	1,990,000	605,000
	<u>\$74,467,177</u>	<u>\$27,057,177</u>	<u>\$47,410,000</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 8 Financing of the County Agency Administrative Fund

In action taken to establish the County Agency at its August 19, 1968 session, the Monroe County Board of Supervisors stated that all administrative costs are to be recorded by projects being constructed for local units of government under contract with the County and that no County general funds are to be used to support the County Agency.

Therefore, because of the need for operating capital, the Monroe County Drain Commissioner, as County Agency, established a system of fees for services provided to the various projects. During 2006 these fees were as follows:

Administrative Fee
Utility Billing Charges
Debt Service Fees
Utility Labor and Fringe Benefits
Drain Labor and Fringe Benefits
Equipment Rental

Administrative Fee

The Administrative Fee is charged to the various construction projects and utility operations to cover the cost of the County Agency's administration overhead activity. This activity consists primarily of providing an office staff with its related expenses.

Utility Billing Charges

The County Agency provides a billing service for utilities, and charges a separate fee to cover all costs of billing. The fees charged in 2006 were as follows:

Village of Maybee	- \$60 bi-monthly plus \$1.08 per bill
London Township	- \$60 per annum plus \$1.08 per bill
Ida Township	- \$20 per month plus \$1.08 per bill
Raisinville Township	- \$10 per month plus \$1.08 per bill
LaSalle Township	- \$20 per month plus \$1.08 per bill

Debt Service Fees

The County of Monroe, under Act 342 P.A.1939, as amended, has issued its general obligation bonds to finance the various water and sewer construction projects for which it is engaged. Under its contracts with the local units of government, the local unit is to provide moneys for the retirement of this debt upon the bond and interest due dates. Thus, the County Agency is acting as an intermediary between the local unit of government and the paying agent. For this service, which includes the processing and tabulating of all debt retirement records, the County Agency charges a \$100.00 fee to be collected on each debt retirement due date.

Utility Labor and Fringe Benefits

During 2006, the County Agency engaged in the operation and maintenance of the following utility systems: South County Water System, Bedford Sewage Disposal System, LaSalle Sewage Disposal System, Maybee Sewage Disposal System, Ida-Raisinville Sewage Disposal System, South Rockwood Sewage Disposal System and Whiteford Sewage Disposal System.

County Agency personnel are used in the operation and maintenance of these systems. The charge to the utility for the use of County Agency personnel is direct labor plus fringe benefits.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

- Note 8 Financing of the County Agency Administrative Fund (Concluded)
Drain Labor and Fringe Benefits
County Agency personnel are used by the Monroe County Drain Commissioner for maintenance work on County drains. The charge to the Drain Commissioner is based on direct labor plus fringe benefits.
- Equipment Rental
Various Administrative Fund vehicles and other items of equipment are used in utility operations and drain maintenance. The Administrative Fund charges a predetermined hourly or daily rate for this use.
- Note 9 Sewage Disposal Systems - Fixed Assets and Long-Term Debt
The financial statements for the various Sewage Disposal Systems do not include the cost of the System and the related long-term debt. The fixed assets reflected in the financial statements are those that have been acquired during operation and maintenance by the County Agency.
- The cost of the Systems and the related long-term debt are to be recorded in the local unit's financial statements.
- Note 10 Operation and Maintenance Fees
During 2006, the County Agency engaged in the operation and maintenance of sewage disposal systems for Bedford Township, Ida Township, Raisinville Township, LaSalle Township, the Village of Maybee, Village of South Rockwood, and Whiteford Township.
- The operation and maintenance fees are payments by the local units to reimburse for operation and maintenance expenses.
- Note 11 Fixed Asset Contributions
For the Bedford Township, Ida-Raisinville Townships, LaSalle Township and Whiteford Township Sewage Disposal Systems the local units contributed toward each system's fixed asset additions. The accumulated balance of these contributions are reflected as "Net assets - restricted for fixed asset replacement" on each system's financial statements.
- Note 12 Sewage Disposal Systems - Operating Expenses
The various Sewage Disposal System Funds are internal service funds and reflect only operation and maintenance expense incurred by the County Agency. Expenses, including depreciation of the system and interest, incurred directly at the local unit of government level are not reflected in these statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 13 South County Water System
Background Information

The South County Water System is the result of a contract dated May 15, 1969, between the County of Monroe, Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier. Pursuant to Act 342, P.A. of 1939, as amended, this contract was used to establish a county system of water supply improvements and facilities to serve Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier.

This system is to be known as "Monroe County Water Supply System (South County System No. 1)." The County of Monroe, in this contract, designated the Monroe County Drain Commissioner as the County Agency for the system with all powers and duties with respect thereto as are provided by Act 342.

The South County Water System includes all water supply mains and other facilities now or hereafter constructed or installed, by any of the parties to the aforementioned contract, within the corporate boundaries of any of the Townships or the City. This includes the transmission mains, reservoirs and elevated tanks constructed under the three phases mentioned in this contract dated May 15, 1969, and the water distribution mains constructed by the County, under separate contracts with respective Townships and the City.

Contract Payable - 2005 Improvements

Pursuant to the contract amendment dated April 12, 2005, the County of Monroe issued \$4,400,000 County of Monroe General Obligation Bonds to finance a second connection and pumping station near the corner of South Dixie Highway and Sterns Road.

Each of the Townships and the City has pledged its full faith and credit to provide for the timely retirement of this debt, should the net revenues of the system be insufficient to provide debt retirement moneys. A schedule of remaining debt retirement requirements is in Note 7.

Water Rate Increases

Effective July 1, 1977, water rates were restructured to include a separate basic service charge which is to be set aside to provide funds for fixed obligations, primarily bond principal. As basic service charge revenues exceed annual debt requirements, moneys will be used for system improvements. Effective April 1, 2006, the water consumption charge was increased from \$2.72 to \$2.91 per 1,000 gallons, resulting in minimum quarterly charges ranging from \$41.54 to \$1,607.20, depending on meter size.

Purchased Water

The South County Water System is currently dependent upon the City of Toledo, Ohio, for its only source of water. In an agreement dated October 17, 1969, between the City of Toledo, Ohio, and the County of Monroe, Michigan, the City of Toledo agreed to supply the South County Water System with water (not to exceed 7,300 gallons per minute) for a 40 year term.

Vehicle Fund - Restricted Assets

The Board has decided to set aside funds for the purchase of equipment. At December 31, 2006, the balance of \$195,400 had been restricted.

System Capital Fund - Restricted Assets

The Board has decided to set aside funds for system improvements. The balance of \$5,732,400 has been restricted at December 31, 2006.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 13 South County Water System (Concluded)
Building Fund - Restricted Assets

The Board has decided to appropriate funds from the system capital fund to set aside funds for buildings and building improvements. The balance of \$563,900 has been restricted at December 31, 2006.

Summary of Changes in Fixed Assets

Following is a summary of changes in capital assets for the South County Water System:

	Balance December 31, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2006</u>
Construction in process	\$ 2,259,255	\$4,743,291	\$191,502	\$ 6,811,044
Land and rights of way	172,557	-	-	172,557
Utility plant in service	24,781,430	191,502	-	24,972,932
Building and building improvements	397,871	8,726	-	406,597
Equipment	238,027	-	-	238,027
Vehicles	<u>321,099</u>	<u>-</u>	<u>-</u>	<u>321,099</u>
	28,170,239	4,943,519	191,502	32,922,256
Total -				
Accumulated Depreciation	<u>(8,809,141)</u>	<u>(489,089)</u>	<u>(-)</u>	<u>(9,298,230)</u>
Business - Type Activities -				
Net Capital Assets	<u>\$19,361,098</u>	<u>\$4,454,430</u>	<u>\$191,502</u>	<u>\$23,624,026</u>

Note 14 Pension Commitment

Employees of the Monroe County Drain Commissioner, County Agency are participants in the Monroe County Employees Retirement Plan. The plan is a single-employer defined benefit pension plan administered by the Monroe County Employees Retirement System Board of Trustees.

Funding Policy

The County's policy is to fund current pension costs as they are accrued. Employees of County Agency are not required to contribute to the plan. County Agency is required to make monthly contributions based on and annual actuarially computed percentage of covered wages in amounts sufficient to cover normal cost of benefits and amortize the prior service liabilities over a period of future years.

Annual Pension Costs

The County Agency's pension expense for 2006 was \$49,177. Periodic employer contributions to the pension plan are determined as part of an actuarial valuation dated December 31, 2004, using an entry age normal cost method. Normal cost is funded on a current basis. Significant actuarial assumptions used include (a) a 7.0 investment rate of return, (b) projected salary increases of 5.0 percent to 12.0 percent per year, and c) no cost-of-living adjustments. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a twelve year closed period. The funding strategy is designed to accumulate sufficient assets to pay benefits when due.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 14 Pension Commitment (Concluded)

Additional significant information regarding the Monroe County Employees Retirement System pension plan and pension trust fund investments are included in the financial statements of Monroe County as a pension trust fund. A separate, publicly available financial report that includes financial statements and required supplementary information is also issued. That report may be obtained by writing to the Monroe County Employees Retirement System, 125 East Second Street, Monroe, Michigan 48161-2197.

The following is the County Agency's actuarial liability information for the past three years:

Three Year Trend Information	Valuation Ended December 31,		
	2003	2004	2005
Annual pension cost	\$ 0	\$ 0	\$ 0
Percentage of APC contributed	100.0%	100.0%	100.0%
Net pension obligation	0	0	0
Actuarial value of assets	5,777,211	6,046,357	5,846,980
Actuarial accrued liability (entry age)	4,597,181	5,496,385	6,213,995
Unfunded (Overfunded) AAL	(1,180,030)	(549,972)	367,015
Funded ratio	125.7%	110.0%	94.1%
Covered payroll	1,184,495	1,254,133	1,421,325
UAAL as a percentage of covered payroll	(99.6)%	(43.85)%	25.82%

Note 15 Post Employment Benefits

The Monroe County Drain Commissioner, County Agency, provides post employment health and life insurance benefits, in accordance with labor contracts and personnel policy, to all employees who retire under the provisions of the Monroe County Drain Commissioner, County Agency. As of December 31, 2005, the date of the last actuarial valuation, the plan had 33 active members, with three members who met the eligibility requirements. Expenditures for retiree benefits are recognized when periodic employer contributions are paid to the Monroe County Retiree Health Plan. The plan is operated by the County of Monroe. The County's policy is to fund current retiree health care costs as they are accrued. County Agency's retiree health care benefit contributions of \$270,187 are included with hospitalization expense in the Administrative Fund.

The financial reports of the plan are included in the County of Monroe's Comprehensive Annual Financial Report. Effective January 1, 2006, the County of Monroe has elected early implementation of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Funding Policy

The contribution requirements of County Agency are established and may be amended by the Monroe County Retiree Health Plan board of trustees.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 15 Post Employment Benefits (Continued)

County Agency is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 17.61 percent of annual covered payroll.

The funding strategy is to establish and receive contributions, expressed as a percentage of active member payroll which will remain approximately level from year to year and to accumulate enough assets to pay the benefits when due.

Annual OPEB Cost

For 2006, County Agency's annual OPEB cost (expense) of \$270,187 for the Monroe County Retiree Health Plan was equal to the ARC. County Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 were as follows:

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2006	\$270,187	100.0%	\$0

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2005 was as follows:

Actuarial accrued liability(AAL)	\$3,928,117
Actuarial value of plan assets	<u>504,433</u>
Unfunded actuarial accrued liability(UAAL)	<u><u>\$3,423,684</u></u>
Funded ratio	12.8%
Covered Payroll	\$1,421,325
UAAL as a percentage of covered payroll	240.9%

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to these financial statements, presents multiyear trend information about whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2006*

Note 15 Post Employment Benefits (Concluded)

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the December 31, 2005, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 7.64 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of 5.7 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after 5 years. Both rates include a 4.0 percent inflation assumption. The actuarial value of Monroe County Retiree health plan assets was determined using techniques that spread the effects of short term volatility in the market value of investments over a three year period. MCRHP's unfunded actuarial accrued liability for County Agency is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2005, was twenty-six years.

The County also provides a \$4,000 term life insurance policy, in accordance with labor contracts and personnel policy, to all employees who retire from the County.

Note 16 Cash and Cash Equivalents

For purposes of the statement of cash flows, the Internal Service Funds and the Enterprise Funds considers cash (including restricted assets), petty cash, certificates of deposit, and cash with fiscal agent to be cash and cash equivalents. Short term investments with maturities of three months or less are also considered to be cash and cash equivalents.

Note 17 Risk Management

The County Agency is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The County Agency has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Schedule of Funding Progress for the Monroe County
Retiree Health Plan for County Agency
December 31, 2006*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
12/31/2003	\$350,590	\$2,734,427	\$2,383,837	12.8%	\$1,184,495	201.3%
12/31/2004	448,149	3,514,221	3,066,072	12.8%	1,254,133	244.5%
12/31/2005	504,433	3,928,117	3,423,684	12.8%	1,421,325	240.9%

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Debt Service Funds													
	Ash Township	Bedford Township	Berlin Township	Village of Carleton	Erie Township	Exeter Township	Ida Township and Raisinville Township	Ida Township	LaSalle Township	London Township	Raisinville Township	Maybee/ Raisinville/ Exeter/ London	Village of South Rockwood	City of Petersburg
ASSETS														
Cash	\$810	\$4,601	\$1,737	\$875	\$17,264	\$890	\$1,367	\$804	\$639	\$149	\$962	\$1,722	\$474	\$911
Total Assets	\$810	\$4,601	\$1,737	\$875	\$17,264	\$890	\$1,367	\$804	\$639	\$149	\$962	\$1,722	\$474	\$911
LIABILITIES														
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retainage payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE														
Reserved for debt service	810	4,601	1,737	875	17,264	890	1,367	804	639	149	962	1,722	474	911
Reserved for capital projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Balance	810	4,601	1,737	875	17,264	890	1,367	804	639	149	962	1,722	474	911
Total Liabilities and Fund Balance	\$810	\$4,601	\$1,737	\$875	\$17,264	\$890	\$1,367	\$804	\$639	\$149	\$962	\$1,722	\$474	\$911

Nonmajor Capital Project Funds

Bedford Township Sewer #5	Dundee Sewer #3 Construction	Erie Township Water #1	Ida Township Water#1	City of Petersburg Water #1 Construction	Total Nonmajor Governmental Funds
\$96,631	\$88,240	\$88,472	\$0	\$339	\$306,887
\$96,631	\$88,240	\$88,472	\$0	\$339	\$306,887
\$2,497	\$241	\$2,236	\$0	\$156	\$5,130
9,673	0	32,727	0	0	42,400
12,170	241	34,963	0	156	47,530
0	0	0	0	0	33,205
84,461	87,999	53,509	0	183	226,152
84,461	87,999	53,509	0	183	259,357
\$96,631	\$88,240	\$88,472	\$0	\$339	\$306,887

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Debt Service Funds													
	Ash Township	Bedford Township	Berlin Township	Village of Carleton	Erie Township	Exeter Township	Ida Township and Raisinville Township	Ida Township	LaSalle Township	London Township	Raisinville Township	Maybee/ Raisinville/ Exeter/ London	Village of South Rockwood	City of Petersburg
Revenues														
Local unit contributions	\$267,711	\$728,052	\$284,277	\$344,635	\$398,144	\$210,965	\$232,478	\$199,700	\$93,259	\$17,294	\$260,925	\$156,360	\$99,763	\$172,550
Interest income and other	769	3,373	680	1,074	1,205	699	583	1,098	548	91	758	570	262	412
Total Revenues	268,480	731,425	284,957	345,709	399,349	211,664	233,061	200,798	93,807	17,385	261,683	156,930	100,025	172,962
Expenditures														
Debt Service:														
Bond principal	175,000	590,000	95,000	235,000	260,000	120,000	210,000	110,000	60,000	15,000	145,000	120,000	65,000	110,000
Interest and paying agent fees	93,310	137,952	189,075	110,813	152,022	91,600	22,625	90,463	33,598	1,969	116,520	36,035	34,438	62,625
Administrative and audit fees	379	1,136	757	378	917	378	379	378	378	379	757	378	379	378
Construction contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Engineering and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	268,689	729,088	284,832	346,191	412,939	211,978	233,004	200,841	93,976	17,348	262,277	156,413	99,817	173,003
Excess (Deficiency) of Revenues over Expenditures	(209)	2,337	125	(482)	(13,590)	(314)	57	(43)	(169)	37	(594)	517	208	(41)
Other Financing Sources (Uses)														
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued and capitalized interest	0	0	0	0	29,668	0	0	0	0	0	0	0	0	0
Bond issuance costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Refunds to governmental units	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	29,668	0	0	0	0	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(209)	2,337	125	(482)	16,078	(314)	57	(43)	(169)	37	(594)	517	208	(41)
Fund Balances - Beginning of Year	1,019	2,264	1,612	1,357	1,186	1,204	1,310	847	808	112	1,556	1,205	266	952
Fund Balances - End of Year	\$810	\$4,601	\$1,737	\$875	\$17,264	\$890	\$1,367	\$804	\$639	\$149	\$962	\$1,722	\$474	\$911

Nonmajor Capital Project Funds					
Bedford Township Sewer #5	Dundee Sewer #3 Construction	Erie Township Water #1	Ida Township Water #1	City of Petersburg Water #1 Construction	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$0	\$3,466,113
3,749	13,270	15,358	2,116	20	46,635
3,749	13,270	15,358	2,116	20	3,512,748
0	0	0	0	0	2,310,000
0	0	0	0	0	1,173,045
0	0	0	0	0	7,351
759,069	200,758	648,954	0	0	1,608,781
84,031	335,655	80,534	946	527	501,693
843,100	536,413	729,488	946	527	5,600,870
(839,351)	(523,143)	(714,130)	1,170	(507)	(2,088,122)
0	0	822,141	0	0	822,141
0	0	(29,668)	0	0	0
0	0	(24,834)	0	0	(24,834)
0	0	0	(90,239)	0	(90,239)
873,564	0	0	0	0	873,564
873,564	0	767,639	(90,239)	0	1,580,632
34,213	(523,143)	53,509	(89,069)	(507)	(507,490)
50,248	611,142	0	89,069	690	766,847
<u>\$84,461</u>	<u>\$87,999</u>	<u>\$53,509</u>	<u>\$0</u>	<u>\$183</u>	<u>\$259,357</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Capital Projects Funds

*Project-length Schedule of Construction Projects
Beginning of Projects to December 31, 2006*

	Bedford Township Sewer #5	Village of Dundee Sewer #3	Erie Township Water #1
Revenues and Other Financing Sources:			
Federal grants	\$0	\$0	\$0
State grants	0	0	0
Local unit contributions	0	3,049,221	0
Interest and other	12,872	93,499	15,358
Bond proceeds	1,330,186	4,972,911	792,473
Operating transfers in	919,088	0	0
	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	2,262,146	8,115,631	807,831
 Expenditures Capital Projects:			
Construction contracts	1,933,822	6,782,778	648,954
Engineering and other	208,241	964,723	80,534
Accrued and capitalized interest	0	222,923	0
Bond issuance costs	31,692	57,208	24,834
Operating transfers out and refunds	436	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures Capital Projects	2,174,191	8,027,632	754,322
	<hr/>	<hr/>	<hr/>
Fund Balances - December 31, 2006	\$87,955	\$87,999	\$53,509

Frenchtown Township Water #2	Ida Township Water #1	City of Petersburg Water #1
\$0	\$0	\$0
0	0	0
4,500,000	462,124	700
32,276	19,019	5,873
3,191,962	2,165,751	2,720,000
0	0	0
7,724,238	2,646,894	2,726,573
6,996,452	1,811,677	2,096,799
492,589	689,408	629,591
9,112	10,751	0
47,414	44,819	0
0	90,239	0
7,545,567	2,646,894	2,726,390
\$178,671	\$0	\$183

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Funds

*Combining Statement of Net Assets
December 31, 2006*

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
ASSETS			
Current Assets			
Cash	\$300,234	\$770,056	\$40,880
Certificates of deposit	600,000	800,000	0
Petty cash	184	20	0
Accounts receivable	49,776	0	0
Prepaid expenses	10,200	5,500	0
Due from other funds	260,056	693	2
Container deposits	0	1,500	0
Total Current Assets	1,220,450	1,577,769	40,882
Restricted Assets - Fixed Asset Replacement			
Cash and certificates of deposit	0	3,402,449	11,714
Fixed Assets			
Building and building improvements	0	236,547	0
Equipment	94,981	103,187	0
Vehicles	379,328	73,307	0
	474,309	413,041	0
Less: Allowance for depreciation	448,951	374,522	0
Net Fixed Assets	25,358	38,519	0
Total Assets	\$1,245,808	\$5,018,737	\$52,596
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$26,256	\$52,199	\$104
Due to other funds	862	118,175	18,123
Accrued payroll	33,500	0	0
Accrued compensated absences	94,041	0	0
Total Current Liabilities	154,659	170,374	18,227
Other Credits			
Deferred revenue	163,187	0	0
NET ASSETS			
Invested in capital assets (net of debt)	25,358	38,519	0
Restricted for fixed asset replacement	0	3,401,609	11,714
Unrestricted	902,604	1,408,235	22,655
Total Net Assets	927,962	4,848,363	34,369
Total Liabilities and Net assets	\$1,245,808	\$5,018,737	\$52,596

LaSalle Sewage Disposal System	Maybee Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
\$41,279	\$22,506	\$10,546	\$7,708	\$1,193,209
0	0	0	0	1,400,000
0	0	0	0	204
0	0	0	0	49,776
0	0	0	0	15,700
5	7	1	2	260,766
0	0	0	0	1,500
41,284	22,513	10,547	7,710	2,921,155
8,480	1,889	0	10,285	3,434,817
0	0	0	0	236,547
0	0	0	0	198,168
0	0	0	0	452,635
0	0	0	0	887,350
0	0	0	0	823,473
0	0	0	0	63,877
\$49,764	\$24,402	\$10,547	\$17,995	\$6,419,849
\$887	\$3,242	\$169	\$8,962	\$91,819
10,081	11,818	3,092	8,316	170,467
0	0	0	0	33,500
0	0	0	0	94,041
10,968	15,060	3,261	17,278	389,827
0	0	0	0	163,187
0	0	0	0	63,877
8,480	1,889	0	10,285	3,433,977
30,316	7,453	7,286	(9,568)	2,368,981
38,796	9,342	7,286	717	5,866,835
\$49,764	\$24,402	\$10,547	\$17,995	\$6,419,849

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Funds

*Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2006*

	<u>Administrative Fund</u>	<u>Bedford Sewage Disposal System</u>	<u>Ida-Raisinville Sewage Disposal System</u>
Operating Revenues			
Administrative fees	\$163,501	\$0	\$0
Utility labor and fringe benefits	2,236,172	0	0
Drain labor and fringe benefits	28,814	0	0
Operation and maintenance fee	0	1,948,286	47,947
Tap inspection fee	0	4,500	0
Utility billing charges	9,144	0	0
Debt service fees	5,500	0	0
Equipment rental	128,866	4,060	0
Other revenues	4,854	0	9
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	2,576,851	1,956,846	47,956
Operating Expenses			
Wages and fringe benefits:			
Sewage disposal system	0	714,418	17,101
Administrative overhead department	236,430	0	0
Utility labor department	2,310,596	0	0
Other operating expenses	139,899	1,067,248	28,948
Depreciation	15,840	13,061	0
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,702,765	1,794,727	46,049
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(125,914)	162,119	1,907
Non-Operating Revenues (Expenses)			
Interest income	52,257	68,619	108
Transfer out	0	(873,564)	0
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	52,257	(804,945)	108
	<hr/>	<hr/>	<hr/>
Net Income (Loss)	(73,657)	(642,826)	2,015
Contributions and Interest on Net Assets Reserved for Fixed Asset Replacement	0	367,746	1,495
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Net Assets	(73,657)	(275,080)	3,510
Net Assets - Beginning of Year	1,001,619	5,123,443	30,859
	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	<u>\$927,962</u>	<u>\$4,848,363</u>	<u>\$34,369</u>

LaSalle Sewage Disposal System	Maybee Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
\$0	\$0	\$0	\$0	\$163,501
0	0	0	0	2,236,172
0	0	0	0	28,814
27,890	56,473	49,535	32,560	2,162,691
0	0	0	0	4,500
0	0	0	0	9,144
0	0	0	0	5,500
0	0	0	0	132,926
0	0	0	0	4,863
27,890	56,473	49,535	32,560	4,748,111
5,385	20,732	23,903	5,710	787,249
0	0	0	0	236,430
0	0	0	0	2,310,596
18,856	32,835	23,455	51,182	1,362,423
0	0	0	0	28,901
24,241	53,567	47,358	56,892	4,725,599
3,649	2,906	2,177	(24,332)	22,512
102	175	79	46	121,386
0	0	0	0	(873,564)
102	175	79	46	(752,178)
3,751	3,081	2,256	(24,286)	(729,666)
2,091	1,000	0	2,137	374,469
5,842	4,081	2,256	(22,149)	(355,197)
32,954	5,261	5,030	22,866	6,222,032
<u>\$38,796</u>	<u>\$9,342</u>	<u>\$7,286</u>	<u>\$717</u>	<u>\$5,866,835</u>

Internal Service Funds

*Combining Statement of Changes in Net Assets Reserved for Fixed Asset Replacement
For the Years Ended December 31, 2006 and 2005*

43

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Fund

*Combining Statement of Cash Flows
For the Year Ended December 31, 2006
Increase (Decrease) in Cash and Certificates of Deposit*

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
Cash Flows from Operating Activities:			
Cash paid to suppliers	(\$174,639)	(\$1,049,125)	(\$28,952)
Cash paid to employees	(2,538,187)	(714,418)	(17,936)
Cash received for internal services used	2,526,626	1,956,250	47,966
Net Cash Provided (Used) by Operating Activities	(186,200)	192,707	1,078
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by local unit	0	189,072	1,000
Acquisition of fixed assets	(8,495)	(36,988)	0
Transfers out	0	(873,564)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,495)	(721,480)	1,000
Cash Flows from Investing Activities:			
Interest earned on cash investments	52,257	247,293	603
Net increase in cash and cash equivalents	(142,438)	(281,480)	2,681
Cash and cash equivalents at beginning of year	1,042,856	5,254,005	49,913
Cash and cash equivalents at end of year	\$900,418	\$4,972,525	\$52,594
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$125,914)	\$162,119	\$1,907
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	15,840	13,061	0
Changes in assets and liabilities			
Receivables	(7,741)	0	0
Due from other funds	(19,971)	(596)	10
Prepaid expenses	0	0	0
Accounts payable	(33,234)	11,081	(4)
Due to other funds	(1,506)	7,042	(835)
Accrued payroll and compensated absences	8,839	0	0
Deferred revenue	(22,513)	0	0
Total adjustments	(60,286)	30,588	(829)
Net Cash Provided by Operating Activities	(\$186,200)	\$192,707	\$1,078

LaSalle Sewage Disposal System	Maybee Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
(19,812)	(\$30,606)	(\$24,081)	(\$44,601)	(\$1,371,816)
(3,772)	(19,842)	(24,965)	(1,316)	(3,320,436)
27,892	56,471	49,536	32,560	4,697,301
4,308	6,023	490	(13,357)	5,049
1,772	1,000	0	1,500	194,344
0	0	0	0	(45,483)
0	0	0	0	(873,564)
1,772	1,000	0	1,500	(724,703)
421	175	79	683	301,511
6,501	7,198	569	(11,174)	(418,143)
43,258	17,197	9,977	29,167	6,446,373
\$49,759	\$24,395	\$10,546	\$17,993	\$6,028,230
\$3,649	\$2,906	\$2,177	(\$24,332)	\$22,512
0	0	0	0	28,901
0	0	0	0	(7,741)
2	(2)	1	0	(20,556)
0	0	0	0	0
(956)	2,229	(626)	6,581	(14,929)
1,613	890	(1,062)	4,394	10,536
0	0	0	0	8,839
0	0	0	0	(22,513)
659	3,117	(1,687)	10,975	(17,463)
\$4,308	\$6,023	\$490	(\$13,357)	\$5,049

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$300,234	\$392,556
Certificates of deposit	600,000	650,000
Petty cash	184	300
Accounts receivable	49,776	42,035
Prepaid expense	10,200	10,200
Due from other funds	260,056	240,085
 Total Current Assets	 1,220,450	 1,335,176
 Fixed Assets		
Administrative office equipment	73,447	73,447
Administrative vehicles	29,685	29,685
Inspection equipment	21,534	21,534
Inspection vehicles	349,643	341,148
	474,309	465,814
Less: Allowance for depreciation	448,951	433,111
 Net Fixed Assets	 25,358	 32,703
 Total Assets	 \$1,245,808	 \$1,367,879

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$26,256	\$59,490
Due to other funds	862	2,368
Accrued payroll	33,500	30,846
Accrued compensated absences	94,041	87,856
 Total Current Liabilities	 154,659	 180,560
 Other Credits		
Deferred revenue	163,187	185,700
 Net Assets		
Invested in capital assets	25,358	32,703
Unrestricted	902,604	968,916
Total Net Assets	927,962	1,001,619
 Total Liabilities and Net Assets	 \$1,245,808	 \$1,367,879

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2006 and 2005*

	2006			2005		
	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals
Operating Revenue						
Administrative fees	\$163,501	\$0	\$163,501	\$186,961	\$0	\$186,961
Utility labor and fringe benefits	0	2,236,172	2,236,172	0	2,056,744	2,056,744
Drain labor and fringe benefits	0	28,814	28,814	0	16,365	16,365
Utility billing charges	9,144	0	9,144	9,070	0	9,070
Debt service fees	5,500	0	5,500	3,450	0	3,450
Equipment rental	0	128,866	128,866	0	114,924	114,924
Other revenue	519	4,335	4,854	664	3,948	4,612
Total Operating Revenues	178,664	2,398,187	2,576,851	200,145	2,191,981	2,392,126
Operating Expenses						
Wages and fringe benefits	236,430	2,310,596	2,547,026	198,463	2,091,096	2,289,559
Other operating expenses	39,088	100,811	139,899	38,220	77,499	115,719
Depreciation	8,781	7,059	15,840	10,109	18,969	29,078
Total Operating Expenses	284,299	2,418,466	2,702,765	246,792	2,187,564	2,434,356
Net Operating Income (Loss)	(105,635)	(20,279)	(125,914)	(46,647)	4,417	(42,230)
Non-Operating Revenues (Expenses)						
Interest income	52,257	0	52,257	29,227	0	29,227
Gain (loss) on sale of fixed assets	0	0	0	0	0	0
Total Non-Operating Revenues (Expenses)	52,257	0	52,257	29,227	0	29,227
Net Income (Loss)	(\$53,378)	(\$20,279)	(73,657)	(\$17,420)	\$4,417	(13,003)
Net Assets - Beginning of Year			1,001,619			1,014,622
Net Assets - End of Year			<u>\$927,962</u>			<u>\$1,001,619</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues and Expenses Budget and Actual
For the Years Ended December 31,*

ADMINISTRATIVE OVERHEAD DEPARTMENT

	2006			
	Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
Operating Revenues				
Administrative fees (Schedule A)	\$176,472	\$163,501	(\$12,971)	\$186,961
Utility billing charges	9,088	9,144	56	9,070
Debt service fees	5,600	5,500	(100)	3,450
Other revenue	30,000	519	(29,481)	664
Total Operating Revenues	221,160	178,664	(42,496)	200,145
Operating Expenses				
Wages and fringe benefits:				
Salaries	144,881	132,857	12,024	116,429
Payroll taxes	12,450	12,322	128	10,077
Hospitalization insurance	69,557	73,916	(4,359)	60,157
Optical and dental insurance	3,400	3,180	220	2,739
Life insurance and disability	3,480	3,321	159	2,618
Pension contribution	0	4,807	(4,807)	2,618
Longevity pay	750	750	0	700
Compensated absences	0	5,277	(5,277)	5,743
	<u>234,518</u>	<u>236,430</u>	<u>(1,912)</u>	<u>198,463</u>
Other operating expenses:				
Training and conferences	200	266	(66)	229
Telephone	600	602	(2)	563
General supplies	9,850	18,276	(8,426)	11,267
County central service fee	33,000	3,392	29,608	6,329
Outside contracted services	5,000	1,721	3,279	4,533
Professional services	9,000	9,496	(496)	8,696
Insurance and bonds	3,500	3,404	96	3,463
Miscellaneous	2,600	1,931	669	3,140
	<u>63,750</u>	<u>39,088</u>	<u>24,662</u>	<u>38,220</u>
Depreciation	12,000	8,781	3,219	10,109
	<u>75,750</u>	<u>47,869</u>	<u>27,881</u>	<u>48,329</u>
Total Operating Expenses	310,268	284,299	25,969	246,792
Net Operating Income (Loss)	(89,108)	(105,635)	(16,527)	(46,647)
Non-Operating Revenues (Expenses)				
Interest income	30,000	52,257	22,257	29,227
Gain (loss) on sale of fixed assets	0	0	0	0
Total Non-Operating Revenues (Expenses)	30,000	52,257	22,257	29,227
Net Income (Loss)	<u>(\$59,108)</u>	<u>(\$53,378)</u>	<u>\$5,730</u>	<u>(\$17,420)</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues and Expenses Budget and Actual
For the Years Ended December 31,*

UTILITY LABOR DEPARTMENT

	2006		Variance	
	Budget	Actual	Favorable (Unfavorable)	2005 Actual
Operating Revenues				
Utility labor and fringe benefits (Schedule B)	\$2,150,000	\$2,236,172	\$86,172	\$2,056,744
Drain labor and fringe benefits	17,000	28,814	11,814	16,365
Equipment rental	130,000	128,866	(1,134)	114,924
Other revenue	4,000	4,335	335	3,948
Total Operating Revenues	2,301,000	2,398,187	97,187	2,191,981
Operating Expenses				
Wages and fringe benefits:				
Salaries and wages	1,211,000	1,250,098	(39,098)	1,086,915
Payroll taxes	117,000	124,138	(7,138)	120,337
Hospitalization insurance	593,200	641,214	(48,014)	530,491
Optical and dental insurance	24,000	24,400	(400)	21,858
Life insurance and disability	32,500	32,414	86	31,192
Pension contribution	0	44,370	(44,370)	0
Longevity pay	9,100	9,075	25	9,831
Compensated absences	146,600	184,887	(38,287)	290,472
	2,133,400	2,310,596	(177,196)	2,091,096
Other operating expenses:				
Equipment/vehicle maintenance	14,200	13,190	1,010	14,170
Gas, oil and mileage	17,000	21,047	(4,047)	17,566
Outside contracted services	4,000	0	4,000	0
Insurance and bonds	55,000	66,414	(11,414)	45,683
Miscellaneous	100	160	(60)	80
	90,300	100,811	(10,511)	77,499
Depreciation	20,000	7,059	12,941	18,969
	110,300	107,870	2,430	96,468
Total Operating Expenses	2,243,700	2,418,466	(174,766)	2,187,564
Net Income (Loss)	\$57,300	(\$20,279)	(\$77,579)	\$4,417

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$174,639)	(\$92,353)
Cash paid to employees	(2,538,187)	(2,300,629)
Cash received for internal services used	<u>2,526,626</u>	<u>2,345,186</u>
Net Cash Provided (Used) by Operating Activities	(186,200)	(47,796)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of fixed assets	<u>(8,495)</u>	<u>(2,215)</u>
Net Cash Used for Capital and Related Financing Activities	(8,495)	(2,215)
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>52,257</u>	<u>29,227</u>
Net increase (decrease) in cash and cash equivalents	(142,438)	(20,784)
Cash and cash equivalents at beginning of year	<u>1,042,856</u>	<u>1,063,640</u>
Cash and cash equivalents at end of year	<u><u>\$900,418</u></u>	<u><u>\$1,042,856</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$125,914)	(\$42,230)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	15,840	29,078
Changes in assets and liabilities:		
Accounts receivable	(7,741)	(18,905)
Prepaid expenses	0	(10,200)
Due from other funds	(19,971)	(9,504)
Accounts payable and accrued expenses	(33,234)	31,326
Due to other funds	(1,506)	2,240
Accrued payroll and compensated absences	8,839	(11,070)
Deferred revenue	(22,513)	(18,531)
Total adjustments	<u>(60,286)</u>	<u>(5,566)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$186,200)</u></u>	<u><u>(\$47,796)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Schedule of Administrative Fees Earned
For the Year Ended December 31, 2006*

Schedule A

Utility Operations

LaSalle Sewage Disposal System	\$2,303
South County Water System	84,000
Bedford Sewage Disposal System	57,340
Maybee Sewage Disposal System	4,663
South Rockwood Sewage Disposal System	4,090
Ida-Raisinville Sewage Disposal System	3,959
Whiteford Sewage Disposal System	2,688
	<u>159,043</u>

Construction

Drain Projects	4,458
	<u>4,458</u>

Total Administrative Fees Earned	<u><u>\$163,501</u></u>
----------------------------------	-------------------------

SCHEDULE OF UTILITY LABOR AND FRINGE BENEFITS EARNED

Schedule B

Utility Operations

LaSalle Sewage Disposal System	\$8,918
South County Water System	1,121,300
Bedford Sewage Disposal System	913,168
Maybee Sewage Disposal System	24,006
South Rockwood Sewage Disposal System	29,226
Whiteford Sewage Disposal System	5,710
Ida-Raisinville Sewage Disposal System	20,400
	<u>2,122,728</u>

Projects

Storm Sewers	86,084
Other Utility Labor and Fringe Benefits	27,360
	<u>113,444</u>

Total Utility Labor and Fringe Benefits Earned	<u><u>\$2,236,172</u></u>
--	---------------------------

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$770,056	\$604,790
Certificates of deposit	800,000	700,000
Petty cash	20	20
Prepaid expenses	5,500	5,500
Due from other funds	693	97
Container deposits	1,500	1,500
Total Current Assets	1,577,769	1,311,907
Restricted Assets - Fixed Asset Replacement		
Cash	69,449	195
Certificates of deposit	3,333,000	3,949,000
Total Restricted Assets	3,402,449	3,949,195
Property, Plant and Equipment		
Building	236,547	204,947
Auxiliary equipment	103,187	97,799
Vehicles	73,307	73,307
	413,041	376,053
Less: Allowance for depreciation	374,522	361,461
Net Property, Plant and Equipment	38,519	14,592
Total Assets	<u>\$5,018,737</u>	<u>\$5,275,694</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$52,199	\$41,118
Due to other funds	118,175	111,133
Total Current Liabilities	170,374	152,251
Net Assets		
Invested in capital assets	38,519	14,592
Restricted for fixed asset replacement	3,401,609	3,948,485
Unrestricted	1,408,235	1,160,366
Total Net Assets	4,848,363	5,123,443
Total Liabilities and Net Assets	<u>\$5,018,737</u>	<u>\$5,275,694</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006		Variance Favorable (Unfavorable)	2005 Actual
	Budget	Actual		
Operating Revenues				
Bedford Township operation and maintenance fee	\$1,948,286	\$1,948,286	\$0	\$1,687,933
Tap inspection fees	0	4,500	4,500	3,925
Equipment rental revenue	0	4,060	4,060	4,615
Total Operating Revenues	1,948,286	1,956,846	\$8,560	1,696,473
Operating Expenses				
Wages and fringe benefits	747,590	714,418	33,172	691,975
Other operating expenses:				
Sludge removal and disposal	105,000	72,720	32,280	93,335
Vehicle expense	26,100	20,709	5,391	16,886
Office supplies	1,500	2,312	(812)	1,128
Chemicals	28,500	34,951	(6,451)	25,798
Operating supplies	42,000	45,172	(3,172)	48,865
Replacement parts	20,000	41,058	(21,058)	35,435
Professional services	12,000	12,755	(755)	13,058
Lab analysis and supplies	21,000	23,195	(2,195)	20,700
Administrative fee	57,340	57,340	0	52,000
Telephone	20,000	15,334	4,666	15,408
Mileage	300	24	276	78
Insurance	75,000	73,365	1,635	73,058
Electricity	350,000	266,491	83,509	234,108
Gas	65,000	48,386	16,614	48,831
Water and sewer	11,000	11,348	(348)	7,777
Contracted services	12,000	13,681	(1,681)	8,432
Equipment rental	40,000	28,490	11,510	33,200
Training	7,000	4,626	2,374	3,148
Sewer maintenance	300,656	286,417	14,239	233,058
Miscellaneous	3,000	2,852	148	3,865
County central services fee	6,500	6,022	478	5,689
	1,203,896	1,067,248	136,648	973,857
Depreciation	20,400	13,061	7,339	19,695
	1,224,296	1,080,309	143,987	993,552
Total Operating Expenses	1,971,886	1,794,727	177,159	1,685,527
Net Operating Income (Loss)	(23,600)	162,119	185,719	10,946
Non-Operating Revenues (Expenses)				
Interest income	0	68,619	68,619	38,979
Loss on disposal of assets	0	0	0	(746)
Transfer out	0	(873,564)	(873,564)	(45,029)
Net Income (Loss)	(\$23,600)	(642,826)	(\$619,226)	4,150
Contributions and interest on Net Assets				
Restricted for fixed asset replacement		367,746		301,414
Increase in Net Assets		(275,080)		305,564
Net Assets - Beginning of Year		5,123,443		4,817,879
Net Assets - End of Year		\$4,848,363		\$5,123,443

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Opening Balance	\$3,948,485	\$3,727,535
Additions:		
Contributions	189,072	189,072
Interest Income	<u>178,674</u>	<u>112,342</u>
	367,746	301,414
Deductions:		
Expenditures	41,058	35,435
Transfers out	<u>873,564</u>	<u>45,029</u>
	<u>914,622</u>	<u>80,464</u>
Closing Balance	<u><u>\$3,401,609</u></u>	<u><u>\$3,948,485</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$1,049,125)	(\$996,012)
Cash paid to employees	(714,418)	(691,975)
Cash received for internal services used	<u>1,956,250</u>	<u>1,703,577</u>
Net Cash Provided (Used) by Operating Activities	192,707	15,590
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Bedford Township, fixed assets	189,072	189,072
Acquisition of fixed assets	(36,988)	0
Proceeds from the sale of fixed assets	0	1,352
Transfer to construction fund	<u>(873,564)</u>	<u>(45,029)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	(721,480)	145,395
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>247,293</u>	<u>151,321</u>
Net increase (decrease) in cash and cash equivalents	(281,480)	312,306
Cash and cash equivalents at beginning of year	<u>5,254,005</u>	<u>4,941,699</u>
Cash and cash equivalents at end of year	<u><u>\$4,972,525</u></u>	<u><u>\$5,254,005</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$162,119	\$10,946
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	13,061	19,695
Changes in assets and liabilities		
Due from other funds	(596)	7,104
Prepaid expenses	0	(5,500)
Accounts payable	11,081	(29,220)
Due to other funds	7,042	12,565
Total adjustments	<u>30,588</u>	<u>4,644</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$192,707</u></u>	<u><u>\$15,590</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$40,880	\$39,249
Due from other funds	2	12
Total Current Assets	40,882	39,261
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	11,714	10,664
Property, Plant and Equipment	0	0
Total Assets	<u>\$52,596</u>	<u>\$49,925</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$104	\$108
Due to other funds	18,123	18,958
Total Current Liabilities	18,227	19,066
Net Assets		
Restricted for fixed asset replacement	11,714	10,664
Unrestricted	22,655	20,195
Total Net Assets	34,369	30,859
Total Liabilities and Net Assets	<u>\$52,596</u>	<u>\$49,925</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006			
	Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
Operating Revenues				
Ida Township operation and maintenance fee	\$34,426	\$34,426	\$0	\$34,372
Raisinville Township operation and maintenance fee	13,521	13,521	0	13,500
Miscellaneous income	0	9	9	0
Total Operating Revenues	47,947	47,956	9	47,872
Operating Expenses				
Wages and fringe benefits	14,989	17,101	(2,112)	14,345
Other operating expenses:				
Utility billing	4,500	4,126	374	4,131
Operation and maintenance supplies	2,100	2,835	(735)	4,727
Mileage	50	0	50	0
Equipment rental	3,000	2,903	97	3,161
Administrative fee	3,959	3,959	0	3,953
Professional services	1,200	1,000	200	1,000
Telephone	650	549	101	517
Contracted services	1,900	1,800	100	2,860
Electricity	3,000	2,346	654	1,896
Sewer maintenance	10,079	5,549	4,530	8,881
Elevator inspection	1,000	2,499	(1,499)	495
Miscellaneous	400	509	(109)	454
Training & Conferences	100	0	100	0
County central service fee	500	416	84	433
Insurance	520	457	63	448
	<u>32,958</u>	<u>28,948</u>	<u>4,010</u>	<u>32,956</u>
Total Operating Expenses	47,947	46,049	1,898	47,301
Net Operating Income (Loss)	0	1,907	1,907	571
Non-Operating Revenues				
Interest income	0	108	108	110
Total Non-Operating Revenues	0	108	108	110
Net Income (Loss)	\$0	2,015	\$2,015	681
Contributions and Interest on Net Assets				
Restricted for Fixed Asset Replacement		1,495		1,360
Increase(Decrease) in Net Assets		3,510		2,041
Net Assets - Beginning of Year		30,859		28,818
Net Assets - End of Year		<u>\$34,369</u>		<u>\$30,859</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Opening Balance	\$10,664	\$12,012
Additions:		
Contributions	1,000	1,000
Interest Income	495	360
	<u>1,495</u>	<u>1,360</u>
Deductions:		
Expenditures	445	2,708
Closing Balance	<u>\$11,714</u>	<u>\$10,664</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$28,952)	(\$34,381)
Cash paid to employees	(17,936)	(14,183)
Cash received for internal services used	<u>47,966</u>	<u>47,866</u>
Net Cash Provided (Used) by Operating Activities	1,078	(698)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Ida Township	718	718
Capital contributed by Raisinville Township	<u>282</u>	<u>282</u>
Net Cash Provided by Capital and Related Financing Activities	1,000	1,000
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>603</u>	<u>470</u>
Net increase (decrease) in cash and cash equivalents	2,681	772
Cash and cash equivalents at beginning of year	49,913	49,141
Cash and cash equivalents at end of year	<u><u>\$52,594</u></u>	<u><u>\$49,913</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$1,907	\$571
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	10	(6)
Accounts payable	(4)	(1,425)
Due to other funds	(835)	162
Total adjustments	<u>(829)</u>	<u>(1,269)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$1,078</u></u>	<u><u>(\$698)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$41,279	\$36,869
Due from other utilities	5	7
Total Current Assets	41,284	36,869
Restricted Assets - Fixed Asset Replacement		
Cash	8,480	6,389
Property, Plant and Equipment	0	0
Total Assets	<u>\$49,764</u>	<u>\$43,265</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$887	\$1,843
Due to other funds	10,081	8,468
Total Current Liabilities	10,968	10,884
Net Assets		
Restricted for fixed asset replacement	8,480	6,389
Unrestricted	30,316	26,565
Total Net Assets	38,796	32,954
Total Liabilities and Net Assets	<u>\$49,764</u>	<u>\$43,265</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
LaSalle Township operation and maintenance fee	\$27,890	\$27,890	\$0	\$27,715
Total Operating Revenues	27,890	27,890	0	27,715
Operating Expenses				
Wages and fringe benefits	7,653	5,385	2,268	2,671
Other operating expenses:				
Operating supplies	2,000	1,885	115	740
Professional services	1,200	1,000	200	1,000
Administrative fee	2,303	2,303	0	2,288
Telephone	1,000	760	240	699
Mileage	50	0	50	0
Insurance	600	419	181	411
Electricity	5,800	4,899	901	4,479
Equipment rental	1,500	543	957	638
Sewer maintenance	5,234	6,293	(1,059)	8,443
Tap maintenance	0	38	(38)	0
Miscellaneous	50	474	(424)	0
County central service fees	300	242	58	250
Contracted services	200	0	200	0
Total Operating Expenses	20,237	18,856	1,381	18,948
Total Operating Expenses	27,890	24,241	3,649	21,619
Net Operating Income (Loss)	0	3,649	3,649	6,096
Non-Operating Revenues				
Interest income	0	102	102	104
Total Non-Operating Revenues	0	102	102	104
Net Income (Loss)	\$0	3,751	\$3,751	6,200
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement Increase (Decrease) in Net Assets		2,091 5,842		1,918 8,118
Net Assets - Beginning of Year		32,954		24,836
Net Assets - End of Year		\$38,796		\$32,954

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Opening Balance	\$6,389	\$4,471
Additions:		
Contributions	1,772	1,772
Interest Income	<u>319</u>	<u>146</u>
	2,091	1,918
Deductions:		
Transfers	<u>0</u>	<u>0</u>
Closing Balance	<u><u>\$8,480</u></u>	<u><u>\$6,389</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$19,812)	(\$17,215)
Cash paid to employees	(3,772)	(4,977)
Cash received for internal services used	<u>27,892</u>	<u>27,709</u>
Net Cash Provided (Used) by Operating Activities	4,308	5,517
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by LaSalle Township	<u>1,772</u>	<u>1,772</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,772	1,772
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>421</u>	<u>250</u>
Net increase (decrease) in cash and cash equivalents	6,501	7,539
Cash and cash equivalents at beginning of year	43,258	35,719
Cash and cash equivalents at end of year	<u><u>\$49,759</u></u>	<u><u>\$43,258</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$3,649	\$6,096
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	2	(6)
Accounts payable	(956)	1,733
Due to other funds	1,613	(2,306)
Total adjustments	<u>659</u>	<u>(579)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$4,308</u></u>	<u><u>\$5,517</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	<u>2006</u>	<u>2005</u>
Current Assets		
Cash	\$22,506	\$16,308
Due from other funds	<u>7</u>	<u>5</u>
Total Current Assets	22,513	16,313
Restricted Assets - Fixed Asset Replacement		
Cash	1,889	889
Property, Plant and Equipment	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$24,402</u></u>	<u><u>\$17,202</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$3,242	\$1,013
Due to other funds	<u>11,818</u>	<u>10,928</u>
Total Current Liabilities	15,060	11,941
Net Assets		
Restricted for fixed asset replacement	1,889	889
Unrestricted (deficit)	<u>7,453</u>	<u>4,372</u>
Total Net Assets	<u>9,342</u>	<u>5,261</u>
Total Liabilities and Net Assets	<u><u>\$24,402</u></u>	<u><u>\$17,202</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybee Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Village of Maybee operation and maintenance fee	\$56,473	\$56,473	\$0	\$53,444
Total Operating Revenues	56,473	56,473	0	53,444
Operating Expenses				
Wages and fringe benefits	20,283	20,732	(449)	20,798
Other operating expenses:				
Operating supplies	2,500	2,549	(49)	3,870
Professional services	1,200	1,000	200	1,000
Administrative fee	4,663	4,663	0	4,413
Telephone	2,000	1,928	72	1,702
Mileage	100	0	100	10
Insurance	1,250	1,035	215	1,017
Electricity	5,000	5,083	(83)	4,149
Elevator inspections	1,500	3,174	(1,674)	954
Equipment rental	4,000	3,190	810	4,742
Equipment replacement	0	0	0	111
Sewer maintenance	10,879	8,884	1,995	9,507
Tap maintenance	1,923	0	1,923	674
Miscellaneous	475	840	(365)	588
County central service fees	500	489	11	483
Contracted services	200	0	200	0
	36,190	32,835	3,355	33,220
Total Operating Expenses	56,473	53,567	2,906	54,018
Net Operating Income (Loss)	0	2,906	2,906	(574)
Non-Operating Revenues				
Interest income	0	175	175	130
Total Non-Operating Revenues	0	175	175	130
Net Income (Loss)	\$0	3,081	\$3,081	(444)
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		1,000		1,000
Increase (Decrease) in Net Assets		4,081		536
Net Assets (deficit) - Beginning of Year		5,261		4,705
Net Assets (deficit) - End of Year		\$9,342		\$5,261

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybee Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Opening Balance	\$889	\$0
Additions:		
Contributions	1,000	1,000
Interest Income	<u>0</u>	<u>0</u>
	1,000	1,000
Deductions:		
Expenditures	<u>0</u>	<u>111</u>
Closing Balance	<u>\$1,889</u>	<u>\$889</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$30,606)	(\$32,777)
Cash paid to employees	(19,842)	(21,804)
Cash received for internal services used	<u>56,471</u>	<u>53,441</u>
Net Cash Provided (Used) by Operating Activities	6,023	(1,140)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by the Village of Maybee	<u>1,000</u>	<u>1,000</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,000	1,000
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>175</u>	<u>130</u>
Net increase (decrease) in cash and cash equivalents	7,198	(10)
Cash and cash equivalents at beginning of year	<u>17,197</u>	<u>17,207</u>
Cash and cash equivalents at end of year	<u><u>\$24,395</u></u>	<u><u>\$17,197</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$2,906	(\$574)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(2)	(3)
Accounts payable	2,229	443
Due to other funds	<u>890</u>	<u>(1,006)</u>
Total adjustments	<u>3,117</u>	<u>(566)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$6,023</u></u>	<u><u>(\$1,140)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South Rockwood Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$10,546	\$9,977
Due from other funds	1	2
Total Current Assets	10,547	9,979
 Property, Plant and Equipment	 0	 0
Total Assets	<u>\$10,547</u>	<u>\$9,979</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$169	\$795
Due to other funds	3,092	4,154
Total Current Liabilities	3,261	4,949
 Net Assets		
Unrestricted	7,286	5,030
Total Liabilities and Net Assets	<u>\$10,547</u>	<u>\$9,979</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South Rockwood Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006			
	Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
Operating Revenues				
Village of South Rockwood operation and maintenance fee	\$49,535	\$49,535	\$0	\$42,039
Total Operating Revenues	49,535	49,535	0	42,039
Operating Expenses				
Wages and fringe benefits	21,266	23,903	(2,637)	23,828
Other operating expenses:				
Operating supplies	4,500	2,896	1,604	3,897
Professional services	1,200	1,000	200	1,000
Administrative fee	4,090	4,090	0	3,471
Telephone	700	684	16	611
Mileage	100	0	100	88
Contracted services	200	0	200	0
Elevator inspection	1,000	928	72	951
Equipment rental	5,200	3,419	1,781	5,603
Insurance	250	228	22	224
Miscellaneous	0	123	(123)	145
Sewer maintenance	10,629	9,657	972	9,370
County central service fees	400	430	(30)	380
	28,269	23,455	4,814	25,740
Total Operating Expenses	49,535	47,358	2,177	49,568
Net Operating Income (Loss)	0	2,177	2,177	(7,529)
Non-Operating Revenues				
Interest income	0	79	79	127
Net Income (Loss)	\$0	2,256	\$2,256	(7,402)
Net Assets - Beginning of Year		5,030		12,432
Net Assets - End of Year		\$7,286		\$5,030

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South Rockwood Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$24,081)	(\$26,123)
Cash paid to employees	(24,965)	(22,173)
Cash received for internal services used	<u>49,536</u>	<u>42,037</u>
Net Cash Provided (Used) by Operating Activities	490	(6,259)
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>79</u>	<u>127</u>
Net increase (decrease) in cash and cash equivalents	569	(6,132)
Cash and cash equivalents at beginning of year	9,977	16,109
Cash and cash equivalents at end of year	<u><u>\$10,546</u></u>	<u><u>\$9,977</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$2,177	(\$7,529)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	1	(2)
Accounts payable	(626)	(383)
Due to other funds	(1,062)	1,655
Total adjustments	<u>(1,687)</u>	<u>1,270</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$490</u></u>	<u><u>(\$6,259)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2006	2005
Current Assets		
Cash	\$7,708	\$12,880
Due from other funds	2	2
Total Current Assets	7,710	12,882
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	10,285	16,287
Property, Plant and Equipment	0	0
Total Assets	<u>\$17,995</u>	<u>\$29,169</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$8,962	\$2,381
Due to other funds	8,316	3,922
Total Current Liabilities	17,278	6,303
Net Assets		
Restricted for fixed asset replacement	10,285	16,287
Unrestricted	(9,568)	6,579
Total Net Assets	717	22,866
Total Liabilities and Net Assets	<u>\$17,995</u>	<u>\$29,169</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006		Variance Favorable (Unfavorable)	2005 Actual
	Budget	Actual		
Operating Revenues				
Whiteford Township operation and maintenance fee	\$32,560	\$32,560	\$0	\$22,859
Total Operating Revenues	32,560	32,560	0	22,859
Operating Expenses				
Wages and fringe benefits	3,752	5,710	(1,958)	3,775
Other operating expenses:				
Operating supplies	500	1,824	(1,324)	520
Professional services	1,200	1,077	123	1,000
Mileage	20	0	20	0
Equipment rental	700	1,548	(848)	873
Equipment replacement	0	8,139	(8,139)	0
Administrative fee	2,688	2,688	0	1,887
Insurance	350	286	64	281
Miscellaneous	100	0	100	0
Disposal charge	22,000	34,429	(12,429)	25,372
Electricity	500	472	28	451
Telephone	500	437	63	333
County central service fees	250	282	(32)	206
	28,808	51,182	(22,374)	30,923
Total Operating Expenses	32,560	56,892	(24,332)	34,698
Net Operating Income (Loss)	0	(24,332)	(24,332)	(11,839)
Non-Operating Revenues				
Interest income	0	46	46	139
Net Income (Loss)	\$0	(24,286)	(\$24,286)	(11,700)
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		2,137		1,931
Increase (Decrease) in Net Assets		(22,149)		(9,769)
Net Assets - Beginning of Year		22,866		32,635
Net Assets - End of Year		\$717		\$22,866

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Fixed Asset Replacement
For the Years Ended December 31,*

	<u>2006</u>	<u>2005</u>
Opening Balance	\$16,287	\$14,356
Additions:		
Contributions	1,500	1,500
Interest Income	637	431
	<u>2,137</u>	<u>1,685</u>
Deductions:		
Expenditures	<u>8,139</u>	<u>0</u>
Closing Balance	<u><u>\$10,285</u></u>	<u><u>\$16,287</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$44,601)	(\$28,617)
Cash paid to employees	(1,316)	(3,500)
Cash received for internal services used	<u>32,560</u>	<u>22,857</u>
Net Cash Provided (Used) by Operating Activities	(13,357)	(9,260)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Whiteford Township	<u>1,500</u>	<u>1,500</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	1,500	1,500
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>683</u>	<u>570</u>
Net increase (decrease) in cash and cash equivalents	(11,174)	(7,190)
Cash and cash equivalents at beginning of year	29,167	36,357
Cash and cash equivalents at end of year	<u><u>\$17,993</u></u>	<u><u>\$29,167</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$24,332)	(\$11,839)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	0	(2)
Accounts payable	6,581	2,306
Due to other funds	4,394	275
Total adjustments	<u>10,975</u>	<u>2,579</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$13,357)</u></u>	<u><u>(\$9,260)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Statement of Revenues, Expenses and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2006		Variance	2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Metered water sales	\$2,960,000	\$2,780,932	(\$179,068)	\$3,003,272
System capital charge	1,200,000	1,173,467	(26,533)	1,135,728
Sales of supplies and services	50,000	86,170	36,170	64,438
Penalties	70,000	67,064	(2,936)	64,784
Equipment rental	680	4,795	4,115	4,184
Office space rental	3,000	0	(3,000)	3,300
Miscellaneous revenue	1,000	1,269	269	6,884
Total Operating Revenues	4,284,680	4,113,697	(170,983)	4,282,590
Operating Expenses				
Administrative and general	329,156	333,158	(4,002)	313,895
Water supply operation and maintenance	1,441,675	1,481,727	(40,052)	1,436,206
Utility billing operation	243,141	212,663	30,478	223,691
Distribution system maintenance	585,471	575,405	10,066	486,881
Meter and meter shop	83,069	109,588	(26,519)	84,813
Vehicle and equipment maintenance	100,056	81,808	18,248	65,234
Building maintenance	23,492	7,555	15,937	22,474
Depreciation	470,000	489,089	(19,089)	484,269
Total Operating Expenses	3,276,060	3,290,993	(14,933)	3,117,463
Net Operating Income (Loss)	1,008,620	822,704	(185,916)	1,165,127
Non-Operating Revenues				
Connection fees	0	142,934	142,934	139,869
Gain on disposal of fixed assets	0	0	0	0
Interest income	95,000	421,187	326,187	229,895
Total Non-Operating Revenues	95,000	564,121	469,121	369,764
Non-Operating Expenses				
Interest expense - 2005 Improvements	197,395	204,367	(6,972)	16,905
Amortization expense	1,450	2,150	(700)	3,505
Premium on bonds	0	0	0	1,400
Paying agent fees	350	225	125	350
Total Non-Operating Expenses	199,195	206,742	(7,547)	22,160
Net Income	\$904,425	1,180,083	\$275,658	1,512,731
Net Assets - Beginning of Year		25,718,175		24,205,444
Net Assets - End of Year		\$26,898,258		\$25,718,175

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Detail of Operating Expenses Budget and Actual
For the Years Ended December 31,*

	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Administrative and General Expenses				
Labor and fringe benefits	\$148,456	\$158,572	(\$10,116)	\$160,719
Office supplies and postage	5,000	6,115	(1,115)	2,030
Professional services	14,000	6,153	7,847	6,349
County Agency administrative fee	84,000	84,200	(200)	78,150
Telephone	5,000	5,247	(247)	4,500
Insurance	35,000	32,743	2,257	30,160
Utilities	17,500	10,454	7,046	13,802
Contracted services	4,000	2,427	1,573	2,762
Training and conferences	5,000	6,112	(1,112)	3,872
Bad debt expense	100	0	100	0
Dues & subscriptions	0	9,562	(9,562)	1,412
Miscellaneous	1,600	2,626	(1,026)	1,427
County central service fees	9,500	8,947	553	8,712
Total Administrative and General Expenses	<u>\$329,156</u>	<u>\$333,158</u>	<u>(\$4,002)</u>	<u>\$313,895</u>
Water Supply Operation and Maintenance Expenses				
Labor and fringe benefits	\$70,875	\$72,057	(\$1,182)	\$57,296
Chemicals	3,000	1,394	1,606	1,845
Operating supplies	38,000	67,364	(29,364)	29,677
Telephone	3,000	2,219	781	2,173
Mileage and travel	200	67	133	71
Electricity	100,000	103,388	(3,388)	95,871
Purchased water	1,208,000	1,217,828	(9,828)	1,234,315
Outside contracted services	1,000	248	752	80
Equipment rental	12,000	12,605	(605)	10,562
Laboratory supplies	5,600	4,518	1,082	4,316
Miscellaneous	0	39	(39)	0
Total Water Supply Operation and Maintenance Expenses	<u>\$1,441,675</u>	<u>\$1,481,727</u>	<u>(\$40,052)</u>	<u>\$1,436,206</u>
Utility Billing Operation				
Labor and fringe benefits	\$209,641	\$188,579	\$21,062	\$196,115
Office supplies and postage	15,000	12,991	2,009	16,666
Operating supplies	3,500	5,982	(2,482)	2,483
Outside contracted services	15,000	5,111	9,889	8,427
Total Utility Billing Operation	<u>\$243,141</u>	<u>\$212,663</u>	<u>\$30,478</u>	<u>\$223,691</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Detail of Operating Expenses Budget and Actual
For the Years Ended December 31,
(Concluded)*

	2006			2005
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Distribution System				
Maintenance Expenses				
Labor and fringe benefits	\$520,471	\$480,488	\$39,983	\$394,400
Operating supplies	45,000	81,375	(36,375)	60,559
Telephone	9,000	8,586	414	8,291
Contracted services	10,000	3,990	6,010	15,652
Certification & permit fees	1,000	966	34	7,979
Total Distribution System Maintenance Expenses	<u>\$585,471</u>	<u>\$575,405</u>	<u>\$10,066</u>	<u>\$486,881</u>
Meter and Meter Shop Expenses				
Labor and fringe benefits	\$72,069	\$93,267	(\$21,198)	\$73,398
Operating supplies	5,000	16,321	(11,321)	6,670
Meter repair parts and testing	6,000	0	6,000	4,745
Total Meter and Meter Shop Expenses	<u>\$83,069</u>	<u>\$109,588</u>	<u>(\$26,519)</u>	<u>\$84,813</u>
Vehicle and Equipment				
Maintenance Expenses				
Labor and fringe benefits	\$10,556	\$23,440	(\$12,884)	\$19,169
Gas and oil	36,500	25,974	10,526	22,437
Maintenance materials and contracted services	30,000	14,784	15,216	5,347
Insurance	23,000	17,610	5,390	18,281
Total Vehicle and Equipment Maintenance Expenses	<u>\$100,056</u>	<u>\$81,808</u>	<u>\$18,248</u>	<u>\$65,234</u>
Building Maintenance				
Labor and fringe benefits	\$12,992	\$4,573	\$8,419	\$13,799
Operating supplies	5,000	1,028	3,972	3,727
Outside contracted services	5,500	1,954	3,546	4,948
Total Building Maintenance	<u>\$23,492</u>	<u>\$7,555</u>	<u>\$15,937</u>	<u>\$22,474</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Agency Funds

*Combining Statement of Assets and Liabilities
December 31, 2006*

	<u>LaSalle Township</u>	<u>London Township</u>	<u>Village of Maybee</u>	<u>Ida Township</u>	<u>Raisinville Township</u>	<u>Whiteford Township</u>	<u>Total</u>
ASSETS							
Accounts receivable - trade	\$30,273	\$5,777	\$15,049	\$46,202	\$15,869	\$2,234	\$115,404
Due from utilities	<u>9,011</u>	<u>1,529</u>	<u>7,385</u>	<u>11,635</u>	<u>3,778</u>	<u>4,607</u>	<u>37,945</u>
Total Assets	<u>\$39,284</u>	<u>\$7,306</u>	<u>\$22,434</u>	<u>\$57,837</u>	<u>\$19,647</u>	<u>\$6,841</u>	<u>\$153,349</u>
LIABILITIES							
Due to governmental units	<u>\$39,284</u>	<u>\$7,306</u>	<u>\$22,434</u>	<u>\$57,837</u>	<u>\$19,647</u>	<u>\$6,841</u>	<u>\$153,349</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006*

	<u>December 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2006</u>
LaSalle TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$27,640	\$133,766	\$131,133	\$30,273
Due from LaSalle Sewage Disposal System	7,995	119,239	118,223	9,011
Total Assets	<u>\$35,635</u>	<u>\$253,005</u>	<u>\$249,356</u>	<u>\$39,284</u>
LIABILITIES				
Due to LaSalle Township	<u>\$35,635</u>	<u>\$133,766</u>	<u>\$130,117</u>	<u>\$39,284</u>
LONDON TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$6,035	\$14,196	\$14,454	\$5,777
Due from Maybee Sewage Disposal System	1,574	11,389	11,434	1,529
Total Assets	<u>\$7,609</u>	<u>\$25,585</u>	<u>\$25,888</u>	<u>\$7,306</u>
LIABILITIES				
Due to London Township	<u>\$7,609</u>	<u>\$14,196</u>	<u>\$14,499</u>	<u>\$7,306</u>
VILLAGE OF MAYBEE AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$11,377	\$43,260	\$39,588	\$15,049
Due from Maybee Sewage Disposal System	5,866	34,967	33,448	7,385
Total Assets	<u>\$17,243</u>	<u>\$78,227</u>	<u>\$73,036</u>	<u>\$22,434</u>
LIABILITIES				
Due to Village of Maybee	<u>\$17,243</u>	<u>\$43,260</u>	<u>\$38,069</u>	<u>\$22,434</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006
(Concluded)*

	December 31, 2005	Additions	Deductions	December 31, 2006
IDA TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$45,791	\$172,879	\$172,468	\$46,202
Due from Ida/Raisinville Sewage Disposal System	11,621	147,065	147,051	11,635
Total Assets	<u>\$57,412</u>	<u>\$319,944</u>	<u>\$319,519</u>	<u>\$57,837</u>
LIABILITIES				
Due to Ida Township	<u>\$57,412</u>	<u>\$172,879</u>	<u>\$172,454</u>	<u>\$57,837</u>
RAISINVILLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$16,825	\$62,412	\$63,368	\$15,869
Due from Ida/Raisinville Sewage Disposal System	4,279	55,772	56,273	3,778
Total Assets	<u>\$21,104</u>	<u>\$118,184</u>	<u>\$119,641</u>	<u>\$19,647</u>
LIABILITIES				
Due to Raisinville Township	<u>\$21,104</u>	<u>\$62,412</u>	<u>\$63,869</u>	<u>\$19,647</u>
WHITEFORD TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$2,929	\$39,247	\$39,942	\$2,234
Due from Whiteford Sewage Disposal System	3,511	39,942	38,846	4,607
Total Assets	<u>\$6,440</u>	<u>\$79,189</u>	<u>\$78,788</u>	<u>\$6,841</u>
LIABILITIES				
Due to local units of government	<u>\$6,440</u>	<u>\$39,247</u>	<u>\$38,846</u>	<u>\$6,841</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Accounts receivable - trade	\$110,597	\$465,760	\$460,953	\$115,404
Due from Sewage Disposal Systems	34,846	408,374	405,275	37,945
Total Assets	<u>\$145,443</u>	<u>\$874,134</u>	<u>\$866,228</u>	<u>\$153,349</u>
LIABILITIES				
Due to local units of government	<u>\$145,443</u>	<u>\$465,760</u>	<u>\$457,854</u>	<u>\$153,349</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	<u>2006</u>	<u>2005</u>
Accounts receivable - trade	\$30,273	\$27,640
Due from LaSalle Sewage Disposal System	<u>9,011</u>	<u>7,995</u>
Total Assets	<u><u>\$39,284</u></u>	<u><u>\$35,635</u></u>

LIABILITIES

Due to LaSalle Township	<u><u>\$39,284</u></u>	<u><u>\$35,635</u></u>
-------------------------	------------------------	------------------------

*Statement of Changes in Due to LaSalle Township
For the Years Ended December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
Due to LaSalle Township - Beginning of Year	\$35,635	\$34,403
Add: Sewer use charges	132,378	131,787
Penalties	1,388	2,066
Deduct: Cash remitted to LaSalle Township	118,223	122,626
Delinquent sewer bills transferred to the Township	<u>11,894</u>	<u>9,995</u>
Due to LaSalle Township - End of Year	<u><u>\$39,284</u></u>	<u><u>\$35,635</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

London Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2006	2005
Accounts receivable - trade	\$5,777	\$6,035
Due from Maybee Sewage Disposal System	1,529	1,574
Total Assets	<u>\$7,306</u>	<u>\$7,609</u>

LIABILITIES

Due to London Township	<u>\$7,306</u>	<u>\$7,609</u>
------------------------	----------------	----------------

*Statement of Changes in Due to London Township
For the Years Ended December 31, 2006 and 2005*

	2006	2005
Due to London Township - Beginning of Year	\$7,609	\$7,433
Add: Sewer use charges	13,924	13,924
Penalties	272	319
Deduct: Cash remitted to London Township	11,434	10,429
Delinquent sewer bills transferred to the Township	<u>3,065</u>	<u>3,638</u>
Due to London Township - End of Year	<u>\$7,306</u>	<u>\$7,609</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Village of Maybee Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	<u>2006</u>	<u>2005</u>
Accounts receivable - trade	\$15,049	\$11,377
Due from Maybee Sewage Disposal System	7,385	5,866
Total Assets	<u>\$22,434</u>	<u>\$17,243</u>

LIABILITIES

Due to Village of Maybee	<u>\$22,434</u>	<u>\$17,243</u>
--------------------------	-----------------	-----------------

*Statement of Changes in Due to Village of Maybee
For the Years Ended December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
Due to Village of Maybee - Beginning of Year	\$17,243	\$15,297
Add: Sewer use charges	42,783	36,429
Penalties	477	506
Deduct: Cash remitted to Village of Maybee	33,448	31,375
Delinquent sewer bills transferred to the Village	<u>4,621</u>	<u>3,614</u>
Due to Village of Maybee - End of Year	<u>\$22,434</u>	<u>\$17,243</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	<u>2006</u>	<u>2005</u>
Accounts receivable - trade	\$46,202	\$45,791
Due from Ida/Raisinville Sewage Disposal System	<u>11,635</u>	<u>11,621</u>
Total Assets	<u><u>\$57,837</u></u>	<u><u>\$57,412</u></u>

LIABILITIES

Due to Ida Township	<u><u>\$57,837</u></u>	<u><u>\$57,412</u></u>
---------------------	------------------------	------------------------

*Statement of Changes in Due to Ida Township
For the Years Ended December 31, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
Due to Ida Township - Beginning of Year	\$57,412	\$54,185
Add: Sewer use charges	172,830	173,135
Penalties	49	3,041
Deduct: Cash remitted to Ida Township	147,051	149,188
Delinquent sewer bills transferred to the Township	<u>25,403</u>	<u>23,761</u>
Due to Ida Township - End of Year	<u><u>\$57,837</u></u>	<u><u>\$57,412</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Raisinville Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2006	2005
Accounts receivable - trade	\$15,869	\$16,825
Due from Ida/Raisinville Sewage Disposal System	3,778	4,279
Total Assets	<u>\$19,647</u>	<u>\$21,104</u>

LIABILITIES

Due to Raisinville Township	<u>\$19,647</u>	<u>\$21,104</u>
-----------------------------	-----------------	-----------------

*Statement of Changes in Due to Raisinville Township
For the Years Ended December 31, 2006 and 2005*

	2006	2005
Due to Raisinville Township - Beginning of Year	\$21,104	\$18,183
Add: Sewer use charges	61,896	61,902
Penalties	516	1,154
Deduct: Cash remitted to Raisinville Township	56,273	53,903
Delinquent sewer bills transferred to the Township	<u>7,596</u>	<u>6,232</u>
Due to Raisinville Township - End of Year	<u>\$19,647</u>	<u>\$21,104</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2006	2005
Accounts receivable - trade	\$2,393	\$2,929
Due from Whiteford Sewage Disposal System	4,607	3,511
Total Assets	<u>\$7,000</u>	<u>\$6,440</u>

LIABILITIES

Due to Whiteford Township	<u>\$7,000</u>	<u>\$6,440</u>
---------------------------	----------------	----------------

*Statement of Changes in Due to Whiteford Township
For the Years Ended December 31, 2006 and 2005*

	2006	2005
Due to Whiteford Township - Beginning of Year	\$6,440	\$4,733
Add: Sewer use charges	39,247	33,081
Penalties	159	0
Deduct: Cash remitted to Whiteford Township	38,846	31,374
Delinquent sewer bills transferred to the Township		
Due to Whiteford Township - End of Year	<u>\$7,000</u>	<u>\$6,440</u>



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Daniel Stefanski
Monroe County Drain Commissioner
County Agency
Monroe, Michigan 48161

Report of Comments and Recommendations

Our audit of the governmental activities and business-type activities of the Monroe County Drain Commissioner, County Agency for the year ended December 31, 2006 was made in accordance with standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements.

Our comments set forth herein are for your review and have been discussed with the appropriate personnel. These comments are based primarily upon procedures employed during our audit and, therefore, do not encompass all matters that might result from special studies directed toward such matters.

Audited Funds

The funds included in our recent audit are as follows:

Administrative Fund
Bedford Sewage Disposal System
Ida-Raisinville Sewage Disposal System
LaSalle Sewage Disposal System
Maybee Sewage Disposal System
South Rockwood Sewage Disposal System
Whiteford Sewage Disposal System
South County Water System
London Township Agency Fund
Ida Township Agency Fund
LaSalle Township Agency Fund
Village of Maybee Agency Fund
Raisinville Township Agency Fund
Whiteford Township Agency Fund
Act 342 Construction Project Funds
Act 342 Debt Retirement Funds

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$118,175	Bedford O & M
		2,710	Ida\Raisinville O & M
		2,904	Maybee O & M
		128,396	SCW O & M
		3,092	S. Rockwood O & M
		1,070	LaSalle O & M
Administrative Fund	\$260,056	3,709	Whiteford O & M
	<u>\$260,056</u>	<u>\$260,056</u>	
Bedford O & M	\$693		
Ida\Raisinville O & M	2		
Maybee O & M	7		
LaSalle O & M	5		
SCW O & M	152		
S. Rockwood O & M	1		
Whiteford O & M	<u>2</u>	\$862	Administrative Fund
	<u>\$862</u>	<u>\$862</u>	
Ida-Trust & Agency	\$11,635	\$11,635	Ida\Raisinville O & M
Raisinville-Trust & Agency	<u>3,778</u>	<u>3,778</u>	Ida\Raisinville O & M
	<u>\$15,413</u>	<u>\$15,413</u>	
LaSalle Trust & Agency	<u>\$9,011</u>	<u>\$9,011</u>	LaSalle O & M
London Trust & Agency	\$1,529	\$1,529	Maybee O & M
Maybee Trust & Agency	<u>7,385</u>	<u>7,385</u>	Maybee O & M
	<u>\$8,914</u>	<u>\$8,914</u>	
Whiteford Trust & Agency	<u>\$4,607</u>	<u>\$4,607</u>	Whiteford O & M
Totals	<u>\$298,863</u>	<u>\$298,863</u>	

Daniel Stefanski
Monroe County Drain Commissioner

-3-

In June 2004, the GASB issued its Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The requirements of Statement 45 are effective in three phases based on the government's total annual revenues in the first fiscal year ending June 15, 1999. The Statement is effective for financial statements for periods beginning after December 15, 2006, 2007 or 2008, as appropriate. The County elected to implement the Statement for the fiscal year beginning January 1, 2006.

GASB Statement No. 45 establishes standards of accounting and financial reporting for other postemployment benefit expenses (OPEB) and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of state and local government employers.

Since County Agency's OPEB costs cover its annual required contribution (ARC), it did not have a net OPEB liability for the year ended December 31, 2006. Although County Agency does not have a net OPEB liability, GASB Statement No. 45 still required additional note disclosures regarding the Monroe County Employees Retiree Health Plan. In addition, the Statement requires a Schedule of Funding Progress to be reported as Required Supplementary Information.

If you have any questions concerning these comments or the audit report, please contact us. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Cooley Hill
Whitlam & Carlton

February 28, 2007